svatantra

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the Members of **SVATANTRA MICROFIN PRIVATE LIMITED** will be held on Friday, the 30th day of September 2022 at 10:00 A.M. at the Registered Office of the Company at Level 20, Sunshine Tower, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400013 to transact the following business:

ORDINARY BUSINESS:

1. Adoption of Audited Accounts:

To receive, consider and adopt the Balance Sheet as at 31st March, 2022 along with the Profit and Loss Statement for the year ending on that date, Cash Flow Statement, the Notes and Schedules thereon along with the Auditor's Report and Director's Report thereon.

By Order of the Board of Directors of

SVATANTRA MICROFIN PRIVATE LIMITED

Sd/-
(Surinder Kumar Bhatia)
Company Secretary
M. No.: ACS-17227

Date: 03.09.2022
Place: Mumbai

svatantra

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

   A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. Members/Proxies are requested to bring in duly filled Attendance Slip attached herewith to attend the Meeting.

3. Institutional/Corporate Members (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its board or governing body resolution/authorisation, etc, authorising their representative to attend the AGM on its behalf and to vote in the AGM.

4. Members are requested to bring their copy of the Notices at the Annual General Meeting.

5. Map to the Venue of the AGM as per the requirement of Secretarial Standard - 2 is attached for the perusal of the Members.

Form No. MGT-11
SVATANTRA MICROFIN PRIVATE LIMITED

Registered Office: Level 20, Sunshine Towers, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400013

(CIN: U74120MH2012PTC227069)

PROXY FORM
[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s): Registered address: E-mail ID: Folio No./DP ID: Client ID:

I/We, being the member(s) of ……. shares of the above named company, hereby appoint:

1. Name: ……
   Address:……..……
   E-mail ID:…… Signature:…….., or failing him/her

2. Name: ……
   Address:……..……
   E-mail ID:…… Signature:……..,

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held at Level 20, Sunshine Tower, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400013 on Friday, the 30th day of September, 2022 at 10:00 A.M., and at any adjournment thereof in respect of such resolutions as are indicated below:

*I/We wish my/our above proxy(ies) to vote in the manner as indicated in the box below:

Item No.	Description	For	Against
1.	Adoption of Audited Accounts		

Signed this..... day of 2022

Affix Revenue Stamp of Re. 1

Signature of Proxy holder(s)

Signature of shareholder

SVATANTRA MICROFIN PRIVATE LIMITED

Registered Office: Level 20, Sunshine Towers, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400013

(CIN: U74120MH2012PTC227069)

Attendance Slip

Annual General Meeting at Level-20, Sunshine Tower, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400013, Maharashtra on Friday, the 30th day of September, 2022 at 10:00 A.M.

Folio No.	DP ID	Client ID	Number of Shares held

I certify that I am a member/proxy/authorized representative for the member of the Company.

_____

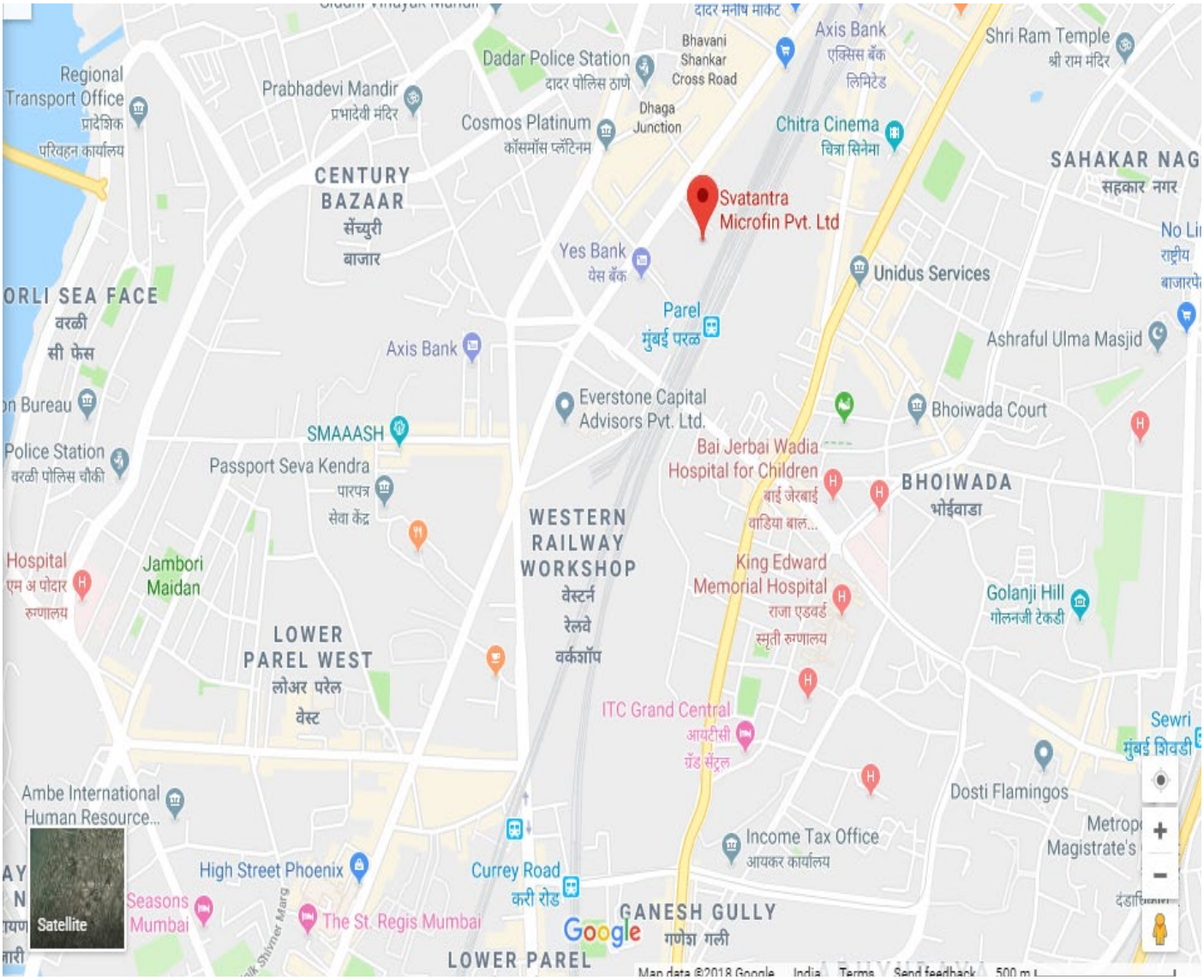
Member/Proxy/Representative's Signature

Note: *Please fill this attendance slip and hand it over at the entrance of the Meeting Room. Only member/proxy/representative can attend the meeting.*

ROUTE MAP

Annual General Meeting of Svatantra Microfin Private Limited to be held at the Registered Office of the Company at Sunshine Tower, Level 20, Senapati Bapat Marg, Elphinstone Road Mumbai - 400013 on Friday, the 30th day of September, 2022 at 10:00 A.M.

Prominent Landmark: Near India bulls Finance Centre.



***Source: Google Maps**

SVATANTRA MICROFIN PRIVATE LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31ST MARCH 2022

DIRECTORS' REPORT

Dear Members,

The Board of Directors hereby submits the 11th Board Report on the business and operations of the Company ("the Company") along with the Audited Financial Statements for the Financial Year ended 31st March 2022.

1. FINANCIAL RESULTS AND OPERATIONAL PERFORMANCE OF THE COMPANY:

The financial performance of the Company for the Financial Year ended 31st March 2022 is summarized below:

(Rs. in Lakhs)

PARTICULARS	31st March, 2022	31st March, 2021
Income		
Revenue from operations	81,974	55,686
Other Income	1,090	313
Less: Total Expenditure	76,755	52,315
Profit / Loss Before Tax	**6,309**	**3,684**
Less: Current Tax	4,110	2,874
Less: Deferred tax Expenses/(Credit)	(2,528)	(1,898)
Profit/Loss After Tax (A)	**4,727**	**2,708**
Other Comprehensive Income, Net of Tax		
Item that will not be reclassified to the statement of Profit and Loss	(56)	(12)
Income tax Expense on above	14	3
Other Comprehensive Income (B)	**(42)**	**(9)**
Total Comprehensive Income (A) + (B)	**4,685**	**2,699**

Operational performance for the financial year 2021-22 is summarized in the following table:

Particulars	**FY ended 31st March, 2022**	**FY ended 31st March, 2021**	**Increase/Decrease over % FY 2021-22**
Number of Branches	692	512	35.15%
Number of Active Clients	16,82,523	12,73,088	32.16%
Number of Employees	5957	4,613	29.13%
Number of States	18	17	5.88%
Amount disbursed (INR in Lakhs)	4,54,876	2,35,485	93.16%
Gross Loan Portfolio (INR in Lakhs)	4,95,574	3,07,492	61.16%

2. BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIR:

The Company is registered with Reserve Bank of India (RBI) as Non-Deposit Taking Systemically Important NBFC-MFI vide Registration No. N-13.02038 granted on 5th February 2013.

The Company's active loan clients stands out to be 16,82,523 as on 31st March 2022 which has grown from 12,73,088 as on 31st March, 2021. The growth in active clients during the year was 32.16%.

This was possible with excellent efforts of 5957 employees of the Company as on 31st March 2022 across 692 branches in 18 States. During the year under review, the Company has opened 180 new branches and as on 31st March, 2022 the Branch network was 692.

During the financial year under review, the Company has increased its borrowing limits under Section 180(1)(c) of the Companies Act, 2013 from Rs. 8,000 Crores to Rs. 16,000 Crores. The Company already has borrowing arrangement with large number of lenders and started association with a few more institutions to diversify its sources of borrowings.

Due to the resurgence of COVID-19 pandemic in the Country during the beginning of the Financial year 2021-22, Reserve Bank of India vide its notification no. RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22, dated May 5, 2021, announced 2.0 version of Resolution Framework for COVID-19 Related Stress which offered limited window to individual borrowers and small businesses having stress on account of Covid 19 pandemic, for implementation of resolution plans in respect of their credit exposures while classifying the same as "Standard" during the implementation period of the resolution plan subject to the terms and conditions as specified in the RBI Notification. The Company has adopted the Resolution plan for its individual Borrowers who fits into the eligibility criteria as prescribed by RBI. The Salient features of the resolution plan includes rescheduling of payments / balance tenure, conversion of any interest accrued or to be accrued into another credit facility, granting of moratorium, based on an assessment of income of the borrower etc.

3. DIVIDEND:

In view of planned business growth and in order to conserve resources, your Directors' do not propose and recommend any dividend for the financial year ended on 31st March, 2022.

4. TRANSFER TO RESERVES:

During the year under review, your Company has transferred Rs. 938 Lakhs to Statutory Reserve pursuant to Section 45-IC of the Reserve Bank of India Act, 1934.

5. CHANGE IN NATURE OF BUSINESS, IF ANY:

There was no change in the nature of business during the year under review.

6. DEPOSITS:

The Company being a Non-Deposit taking Systemically Important NBFC-MFI has not accepted any deposits from the public during the financial year under review in accordance with Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

7. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

There were no material changes or commitments, which have occurred after the closure of the financial statements for the Financial Year 2021-22 till the date of this Report, that affect the financial position of the Company in any adverse way.

8. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

There were no significant or material orders passed by any Courts or Regulators or Tribunals during the Financial Year 2021-22 that in the opinion of the Board have an impact on the going concern status and the operations of the Company in the future.

9. DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES:

The Company does not have any Subsidiary/Joint Venture/Associate Companies as on date of Balance Sheet and the date of Report.

10. SHARE CAPITAL:

a. Authorised Share Capital of the Company:

During the financial year under review, the Authorised Share Capital of the Company has increased from Rs. 10,55,00,00,000/- (Rupees One Thousand Fifty-Five Crores Only) consisting of 75,50,00,000 (Seventy-Five Crores Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 3,00,00,000 (Three Crores) Preference Shares of Rs. 100/- (Rupees Hundred Only) each to Rs. 15,55,00,00,000/- (Rupees One Thousand Five Hundred Fifty-Five Crores Only) consisting of 75,50,00,000 (Seventy-Five Crores Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 8,00,00,000 (Eight Crores) Preference Shares

of Rs. 100/- (Rupees Hundred Only) each by creating additional 5,00,00,000 (Five Crores) Preference Shares of 100/- (Rupees Hundred Only) each.

b. Issued, Subscribed & Paid-up Share Capital of the Company:

During the financial year under review, the Issued, Subscribed & Paid-up Share Capital of the Company has increased from Rs. 507,04,68,750/- (Rupees Five Hundred and Seven Crores Four Lakhs Sixty-Eight Thousand Seven Hundred and Fifty only) to Rs. 757,04,68,750/- (Seven Hundred and Fifty-Seven Crore Four Lakhs Sixty-Eight Thousand and Seven Fifty only). The details of the shares issued and allotted during the financial year is given hereunder:

Sr No	Type of Share Capital	Type of Issue	Date of allotment	No. of securities allotted	Issue Price Per Security (In Rs.)	Amount (In Rs.)	Name of Allotee
1.	Preference Shares	Rights Issue	30.09.2021	75,00,000	100	75,00,00,000	Svatantra Holdings Private Limited
2.	Preference Shares	Rights Issue	04.01.2022	100,00,000	100	100,00,00,000	Svatantra Holdings Private Limited
3	Preference Shares	Rights Issue	31.03.2022	75,00,000	100	75,00,00,000	Svatantra Holdings Private Limited
Total				**2,50,00,000**	**100**	**250,00,00,000**	

The entire Share Capital of the Company is held in dematerialized form.

11. NON-CONVERTIBLE DEBENTURES

During the financial year under review, the Company has issued Non-convertible Debentures on private placement basis aggregating to Rs. 360,00,00,000/- (Rupees Three Hundred and Sixty Crores only). Details of the Non-Convertible Debentures issued to the allotees are mentioned below:

Sr. No.	Date of allotment	Name of Allottees	No. of NCD	Face Value per NCD (In Rs.)	Amount (In Rs.)	Status
1.	29.09.2021	A K Services Private Limited and	700	10,00,000	70,00,00,000	Listed on BSE Limited

		A K Capital Finance Limited				
2.	30.11.2021	Phillip Services India Private Limited	1250	10,00,000	125,00,00,000	Unlisted
3.	05.01.2022	A K Capital Services Limited and A K Services Private Limited and A K Stockmart Private Limited	900	10,00,000	90,00,00,000	Unlisted
4.	27.01.2022	Tata Capital Financial Services Limited	750	10,00,000	75,00,00,000	Unlisted
Total			**3600**		**360,00,00,000**	

12. DEBENTURE TRUSTEES DETAILS:

The Debenture Trustees details are as follows:

a. **Catalyst Trusteeship Limited**

Contact No.: 022-49220520; Email: ComplianceCTL-Mumbai@ctltrustee.com.

Address: Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400098;

Website: www.catalysttrustee.com.

b. **Vistra ITCL (India) Limited**

Contact No.: 022-26593535; Email: mumbai@vistra.com;

Address: The IL&FS Financial Center Plot No. C–22, G Block, Bandra Kurla Complex, Bandra(E), Mumbai 400051;

Website: www.vistraitcl.com

13. ISSUE OF SHARES UNDER EMPLOYEE STOCK OPTION SCHEME:

The Company has a stock option plan under 'Svatantra Microfin Employee Stock Options Plan 2017 ("ESOP 2017") for its employees. Details of Employee Stock Options as on 31st March 2022 is as follows:

Number of options in force as on April 01, 2021	17,13,876
Number of options granted during the year	NIL
Number of options vested during the year	NIL
Number of options exercised during the year	NIL
Total number of shares arising as a result of exercise of option during the year	NIL
Options lapsed during the year	8183
Exercise price	NA
Variation of terms of options	NIL
Money realized by exercise of options	NIL
Total number of options in force	17,05,693

Employee wise details of the options granted to:

i. Key Managerial Personnel –

Name	Designation	Options Granted	Exercise Price
Mr. Anujeet Varadkar	Chief Executive Officer (CEO)	NIL	NIL
Ms. Vrushali Vishal Mahajan	Chief Financial Officer (CFO)	NIL	NIL
Mr. Surinder Kumar Bhatia	Company Secretary (CS)	NIL	NIL

ii. Any employee who receives a grant of option in any one year of option amounting to 5% or more of options granted during that year -

In the Financial Year 2021-22	
Name of Employee	**No. of options granted**
NA	NIL

iii. Employees who were granted options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant

In the Financial Year 2021-22	
Name of Employee	**No. of options granted**
NA	NIL

14. DISCLOSURE REGARDING COST RECORDS:

The Company is not required to maintain cost records as specified by the Central Government under sub- section (1) of Section 148 of the Companies Act, 2013.

15. STATUTORY AUDITORS:

The tenure of Statutory Auditors of the Company M/s. Suresh Surana & Associates LLP, Chartered Accountants [Firm Registration No. 121750W/W-100010] expired in the Annual General Meeting of the Company held on 30th September 2021.

The Members of the Company at the Annual General Meeting appointed M/s. BGJC & Associates LLP, Chartered Accountants, (ICAI Firm Registration no. 003304N/N500056) as the Statutory Auditors of the Company for the period of 3 (three) consecutive years from the conclusion of the Annual General Meeting of the Company held on 30th September, 2021 until the conclusion of the Annual General Meeting of the Company to be held in the year 2024 subject to Statutory Auditors satisfy eligibility criteria as prescribed under RBI Guidelines every year at a remuneration to be fixed by the Board of Directors of the Company.

16. AUDITOR'S REPORT:

M/s. BGJC & Associates LLP, Chartered Accountants, (ICAI Firm Registration no. 003304N/N500056) the Statutory Auditors of the Company who conducted the Statutory Audit for the financial year 2021-22 have submitted their report with unmodified opinion. The Notes on the Financial Statements refer to the report are self-explanatory and do not call for any further comments.

There are no qualifications or adverse remarks in the Auditor's Report which require any clarification/explanation.

17. SECRETARIAL AUDIT:

In pursuance to Section 204(1) of the Companies Act, 2013 read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s N S & Associates, Practicing Company Secretaries (CP No. 9312) to conduct Secretarial Audit for the financial year 2021-22. The Report for the financial year ended 31st March 2022, is annexed to this report as "***ANNEXURE A***".

There are no qualifications or adverse remarks in the Secretarial Audit Report which require any clarification/explanation.

18. ANNUAL RETURN:

In accordance with the provision 92(3) of the Companies Act, 2013, Annual Return of the Company can be accessed on the Company's website at the web link: https://svatantramicrofin.com.

19. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

a. Composition of Board of Directors:

As on 31st March, 2022, the Board of the Company is duly constituted as per the provisions of Companies Act, 2013, with the following as its Members:

Name of Director		Designation
Mr. Kumar Mangalam Birla	-	Director
Mrs. Neerja Birla	-	Director
Ms. Ananyashree Birla	-	Chairperson & Director
Mr. Vineet Bijendra Chattree	-	Director
Mr. Natarajan Girija Shankar	-	Independent Director
Ms. Meena Jagtiani	-	Independent Director

All the directors of the Company have diversified experience and specialized knowledge in various areas relevant to the Company.

b. Changes in the Composition of Board of Directors:

During the financial year under review, following Directors have been appointed on Board of the Company:

Name of Director	Designation	Date of Appointment
Mr. Natarajan Girija Shankar	Independent Director	28th March 2022
Ms. Meena Jagtiani	Independent Director	28th March 2022

c. Board Evaluation:

Pursuant to the provisions of the Companies Act, 2013, a separate exercise was carried out to evaluate the performance of Individual Directors including the Chairperson of the Board, who were evaluated on parameters such as level of engagement and contribution and independence of judgment to safeguard the interest of the Company and its minority shareholders. The reports were scrutinized by the Nomination & Remuneration Committee. The Directors expressed satisfaction with the evaluation process.

d. Key Managerial Personnel:

In terms of the provisions of Sections 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, following are the Key Managerial Personnel as on 31st March, 2022 as well as on date of this report:

Mr. Anujeet Varadkar. - Chief Executive Officer

Mrs. Vrushali Vishal Mahajan - Chief Financial Officer

Mr. Surinder Kumar Bhatia. - Company Secretary.

e. Declaration by Independent Director:

All Independent Directors have submitted their declaration of Independence, pursuant to the provisions of Section 149(7) of the Act, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience, expertise and hold highest standards of integrity.

20. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

During the financial year ended on 31st March, 2022, 19 (Nineteen) Meetings of the Board of Directors of the Company were held. The attendance of the Board of Directors in these meetings were as follows:

Sr. No.	No. of the Board Meeting	Date of the Board Meeting	No. of Directors Present
1.	1/2021-22	05.04.2021	3
2.	2/2021-22	28.05.2021	2
3.	3/2021-22	29.06.2021	2
4.	4/2021-22	04.08.2021	2
5.	5/2021-22	04.09.2021	4
6	6/2021-22	06.09.2021	2
7	7/2021-22	28.09.2021	3
8	8/2021-22	30.09.2021	3
9	9/2021-22	21.10.2021	3
10	10/2021-22	29.10.2021	3
11	11/2021-22	02.11.2021	3
12	12/2021-22	25.11.2021	3
13	13/2021-22	10.12.2021	2
14	14/2021-22	23.12.2021	2
15	15/2021-22	04.01.2022	2
16	16/2021-22	03.02.2022	2
17	17/2021-22	04.03.2022	2
18	18/2021-22	17.03.2022	4
19	19/2021-22	31.03.2022	4

Name of Directors	No of Board Meetings during FY 2021-22		
	Held	Eligible to attend	Attended
Mr. Kumar Mangalam Birla	19	19	4
Mrs. Neerja Birla	19	19	17
Ms. Ananyashree Birla	19	19	11
Mr. Vineet Bijendra Chattree	19	19	19
Mr. Natarajan Girija Shankar*	19	0	0
Ms. Meena Jagtiani*	19	0	0

*Appointed as Independent Director on 28th March 2022.

21. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

Conservation of energy, Technology absorption:

The particulars as required under the provisions of Section 134(3)(m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the company during the year under review.

Foreign exchange earnings and Outgo:

The Company neither had any foreign exchange earnings nor any outgo during the year under review.

22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The Company is registered as a NBFC-MFI with Reserve Bank of India. The Company being an NBFC, the particulars of loans, guarantees and investments under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 is not applicable to the Company.

23. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During the financial year under review, there were no material related party transactions entered by the Company that were required to disclosed in form AOC-2. The details of the related party transactions are provided in the notes to the Annual Financial Statements.

The policy on Related Party Transactions as approved by the Board is hosted on website of the Company i.e. https://svatantramicrofin.com .

24. CORPORATE SOCIAL RESPONSIBILITY

In accordance with the provisions of Section 135 of the Companies Act, 2013, the Company has a Corporate Social Responsibility (CSR) Committee consisting of the following Members:

Ms. Ananyashree Birla	-	Chairperson
Mrs. Neerja Birla	-	Director
Mr. Vineet Bijendra Chattree	-	Director

The brief outline of the CSR Policy of the Company and the initiative undertaken by the Company on CSR activities are set out in ***"ANNEXURE B"*** and forms part of this Report.

25. AUDIT COMMITTEE

In accordance with the provisions of Section 177 of the Companies Act, 2013 read with guidelines issued by Reserve Bank of India in this regard, the Company has an Audit Committee consisting of the following Members:

Ms. Ananyashree Birla	-	Director
Mrs. Neerja Birla	-	Director
Mr. Vineet Bijendra Chattree	-	Director

The scope of Audit Committee is in lines with the provisions of the Companies Act, 2013 and during the financial year all the recommendations made by the Audit Committee were accepted by the Board.

26. NOMINATION AND REMUNERATION COMMITTTE

In accordance with the provisions of Section 178 of the Companies Act, 2013 read with guidelines issued by Reserve Bank of India in this regard, the Company has a Nomination and Remuneration Committee consisting of the following Members:

Ms. Ananyashree Birla	-	Director
Mrs. Neerja Birla	-	Director
Mr. Vineet Bijendra Chattree	-	Director

The Scope of Nomination and Remuneration Committee is in lines with the provisions of the Companies Act, 2013.

27. OTHER COMMITTEES:

The Board of Directors has also constituted other Committees in accordance with the provisions of the Companies Act, 2013 and RBI Guidelines.

28. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your Directors confirm that:

a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d. the directors had prepared the annual accounts on a going concern basis;

e. the directors had devised proper systems to ensure compliance with the Provisions of all applicable laws and that such systems were adequate and Operating effectively.

f. the directors had laid down internal financial controls to be followed by the company, and that such internal financial controls are adequate and were operating effectively.

29. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM/WHISTLE BLOWER FOR DIRECTORS AND EMPLOYEES:

The Vigil Mechanism system/Whistle Blower Policy has been established with a view to provide a tool to directors and employees of the Company to report to the management genuine concerns including unethical behavior, actual or suspected fraud. The Policy provides adequate safeguards against victimization of director(s)/employee(s) who avail of the mechanism. The Company has not received any reference under the said policy during the year.

The Vigil Mechanism system/ Whistle Blower Policy is hosted on the Company's website at https://svatantramicrofin.com/.

30. MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis Report for the year under review is presented in ***"ANNEXURE C"***, which forms part of this report.

31. GRADING AND CREDIT RATING:

During the financial year under review, the Credit Rating Agencies have assigned the following credit ratings to the Company:

Sr. No.	Particulars	Current Rating
1	MFI Grading	M1(SMERA)
2.	Bank loan rating	CRISIL A+(Stable)
3.	Subordinated Debt/ of INR 155 Crores	CRISIL A+(Stable)
4	Subordinated Debt of INR 125 Crores	CRISIL A+(Stable)
5	Non-Convertible Debentures of INR 90 Crores	CRISIL A+(Stable)
6	Non-Convertible Debentures of INR 350 Crores	CRISIL A+(Stable)
7	Non-Convertible Debentures of INR 70 Crores	CRISIL A+(Stable)
8	Short Term Debt of INR. 100 Crore	CRISIL A1+
9	Subordinated Debt of INR 75 Crores	CRISIL A+(Stable)
10	Subordinated Debt of INR 75 Crores	ICRA A (Stable)
11	Subordinated Debt of INR 75 Crores	CARE A; Stable
12	Non-Convertible Debentures of INR 50 Crores	CARE A; (Stable)
13	Non-Convertible Debenture / Bank Loan / Subordinated Debt of INR 140 Crores	IND A+(Stable)
14	Subordinated Debt of INR 60 Crores	IND A+(Stable)

The Care Rating Limited vide its letter dated 15th June 2022, has upgrade the credit rating of Non-Convertible Debentures issued under ISIN INE00MX08011 from CARE A (Stable) to CARE AA- (Stable).

32. RISK MANAGEMENT:

The Board of Directors of the Company has constituted a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee will be responsible for reviewing the risk management plan, ensuring its effectiveness and verifying adherence to various risk parameters. The Company's Risk Management Strategy is based on clear understanding of various risks, disciplined risk assessment and continuous monitoring. The Risk Management Committee reviews various risks to which the organization is exposed including Credit Risk, Interest Rate Risk, Liquidity Risk and Operational Risk. The development and

implementation of risk management policy has been covered in the Management Discussion and Analysis in ***Annexure C*** which is a part of this report.

33. INTERNAL AUDIT:

The Company has in place an adequate internal audit framework to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent and reasonable assurance on the adequacy and effectiveness of the organization's risk management, internal control and governance processes. The framework is commensurate with the nature of the business, size, scale and complexity of its operations. The audit plan is approved by the Audit Committee, which regularly reviews compliance to the plan.

34. INTERNAL FINANCIAL CONTROLS:

A benchmark of internal control system, based on suitable criteria, is in place to enable the management to assess and state adequacy of and compliance with the system of internal control and its operating effectively. Internal control of the Company is a well-defined process designed to facilitate and support the achievement of business objectives. The system of internal control is integral to the activities of the Company and based on a consideration of significant risks in operations, compliance and financial reporting.

The Company has an effective internal control process effected by its people that supports the organization in several ways, enabling it to provide reasonable assurance regarding risk and to assist in the achievement of objectives.

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of fraud, error reporting mechanism, accuracy and completeness of the accounting record and timely preparation of reliable financial disclosures.

35. COMPLIANCE WITH SECRETARIAL STANDARDS:

The Board of Directors hereby declare that the Company is in compliance of the provisions of all applicable Secretarial Standards issued by Institute of Company Secretaries of India (ICSI).

36. PARTICULARS OF MANAGERIAL REMUNERATION:

The Disclosures pertaining to remuneration and other details, as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to the Company as the Company is not a listed Company under Companies Act, 2013.

37. DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:

Pursuant to the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, your Company has a policy and framework for employees to report sexual harassment cases at workplace and our process ensures complete anonymity and confidentiality of information. Adequate workshops and awareness programs against sexual harassment are conducted across the organization.

Further, the Company has the Internal Complaint Committee in place as per the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 to address the sexual harassment cases and no complaints were received during the period under review.

38. OTHER DISCLOSURES:

a. **Details of Frauds reported by the Statutory Auditors under Section 143 (12) of the Companies Act, 2013 during the Financial Year:**
During the year under review, no frauds were reported by the Statutory Auditors, requiring intimation under Section 143 (12) of the Companies Act, 2013, for the Company and therefore no details are required to be disclosed under Section 134(3)(ca) of the Companies Act, 2013.

b. **Sweat Equity Shares issued during the Year:**
The Company has not issued any Sweat Equity Shares during the Financial Year under review.

c. **There has not been any revision in the financial statements.**

d. **The Company, in the capacity of Financial Creditor, has not filed any applications with National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 during the financial year 2021-22 for recovery of outstanding loans against any customer being Corporate Debtor.**

e. **The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof is not applicable.**

39. RBI GUIDELINES:

The Company is registered with the Reserve Bank of India as NBFC-MFI within the provisions of the section 45 -IA of the Reserve Bank of India Act, 1934. The Company continues to comply with

all the requirements prescribed by the Reserve Bank of India as applicable to it.

Pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as amended, the Company is in adherence to the liquidity risk management guidelines stipulated by the Reserve Bank of India ("RBI"). The disclosure on liquidity risk, on a quarterly basis, is also uploaded on website of the Company and details of the same are separately disclosed in the notes to the financial statements forming part of this Annual Report.

Disclosures under RBI Guidelines

The Company has duly intimated to Reserve Bank of India on appointment of Independent Directors on Board of the Company.

The Company has in place a functional website and the details required to be uploaded on the website as per RBI Master Directions have been duly uploaded.

The Company has put in place a policy on the fit and proper criteria including process of due diligence at the time of appointment / renewal of appointment of the Directors.

Necessary information and declaration/ undertaking from the proposed / existing directors have been obtained, which have also been scrutinized by the Nomination and Remuneration Committee and were also placed before the Board.

The Company has obtained Deed of Covenants signed by the Directors in the format specified under RBI Master Directions.

Declaration from the Directors that the information already provided has not undergone change and where there is any change, requisite details have also been obtained.

A Statement on Change of Directors and a Certificate from the Director on fit and proper criteria in selection of the Directors have duly filed by the Company with the Reserve Bank of India on quarterly basis. For quarter ended 31st March 2022 Certificate from Statutory Auditor have been obtained in this regard.

The Company has appointed Chief Risk Officer of the Company with clearly specified roles and responsibilities in accordance with RBI Master Directions.

The Company has appointed Principal Nodal Officer in accordance with Reserve Bank Integrated Ombudsman Scheme, 2021 during the year under review

The relevant disclosures as applicable under the RBI Master Directions have been made in the Annual Financial Statements for the financial year ended 31st March 2022.

During the financial year under review, no penalties have been imposed on the Company by any

of the regulatory authorities as applicable to the Company.

40. ACKNOWLEDGEMENTS:

The Board of Directors of the Company takes this opportunity to express its deep and sincere gratitude for the support and co–operation from the Borrowers, Banks, Financial Institutions, Investors, and Employees of the Company, for their consistent support and encouragement to the Company. The Board of Directors also places on record its sincere appreciation of the commitment and hard work put in by the Management and the Employees of the Company and thanks them for yet another excellent year. Their dedication and competence has ensured that the Company continues to be a significant player in the Microfinance industry.

FOR SVATANTRA MICROFIN PRIVATE LIMITED

Sd/-
ANANYASHREE BIRLA
(CHAIRPERSON)
DIN: 06625036

Date: 12.08.2022
Place: Mumbai

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ANNEXURE A

SECRETARIAL AUDIT REPORT

FORM MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31stMARCH, 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Svatantra Microfin Private Limited
Sunshine Tower, Level 20,
Senapati Bapat Marg, Elphinstone Road
Mumbai - 400013
CIN: U74120MH2012PTC227069

We report that:

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Svatantra Microfin Private Limited** (hereinafter referred as 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Auditor's Responsibilities Statement

Our responsibility is only to examine and verify those compliances on a test basis and express an opinion on the compliance of the applicable laws and maintenance of records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the records and compliance of the applicable laws. The verification was done on test basis to ensure that correct facts are reflected in records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Limitations

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some material misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Secretarial Auditing Standards as prescribed by Institute of Company Secretaries of India (ICSI).

Further, we conducted the secretarial audit by examining the relevant records including minutes, documents, registers, other records and returns related to the applicable laws on the Company etc.. The management has confirmed that the records submitted to us are the true and correct. We have also relied upon representation given by the management of the Company for certain areas which otherwise requires physical verification.

Basis of Opinion

We have followed the audit practices, secretarial auditing standards and processes as were applicable and appropriate to obtain reasonable assurance about the correctness of the contents of the records and the compliance of the applicable laws. The verification in some cases were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion. We also believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Secretarial Records and Compliances thereof

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on **March 31, 2022** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder**;**
(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
(iii) The Depositories Act, 1996 and the Regulations and By-laws framed thereunder;
(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent as applicable;
(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): —
    (a) The SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;
    (b) The SEBI (Issue and Listing of Debt Securities) Regulations, 2008;
    (c) The SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015;
    (d) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
    (e) The SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(vi) Other laws applicable specifically to the Company namely:
- The Provision relating to Non-Banking Financial Companies (NBFC's) and NBFC-MFIs under the Reserve Bank of India Act, 1934 and policies and directions issued by the Reserve Bank of India.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by the Institute of Company Secretaries of India; and
(ii) The Listing Agreement entered into by the Company with BSE Limited for its debt instruments.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

1. The Board of Directors of the Company is duly constituted with Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. During the period under review, the Company has appointed the following Independent Directors:

Sr. No.	Name of the Director	DIN	Designation	Date of Appointment
1.	Mr. Natarajan Girija Shankar	07960781	Independent Director	28.03.2022
2.	Ms. Meena Jagtiani	08396893	Independent Director	28.03.2022

2. Adequate notice was given to all the directors to schedule the Board Meetings and agenda were also sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

3. As per the minutes duly recorded and signed, all decisions at Board Meetings and Committee Meetings are carried out unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that the compliance by the Company of applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this Audit since the same have been subject to review by statutory financial audit by other designated professional.

We further report that during the audit period, the Company has:

1. Issued and allotted 2,50,00,000 (Two Crore Fifty Lacs) - 5% Compulsorily Convertible Non-Cumulative Preference Shares ("CCPS") of Rs. 100/- (Rupees Hundred Only) each fully paid up for cash at par.

2. Issued and allotted 2,900 (Two Thousand Nine Hundred) Rated, Subordinated, Unsecured, Dematerialized, Redeemable, Unlisted, Transferable, Non-Convertible Debentures each having a face value of Rs. 10,00,000/- (Rupee Ten Lakhs) each aggregating to Rs. 2,90,00,00,000/- (Rupees Two Hundred Ninety Crores Only).
3. Issued and allotted 700 (Seven Hundred) Secured, Rated, Listed, Redeemable, Senior, Taxable, Transferable, Non-Convertible Debentures each having a face value of Rs. 10,00,000/- (Rupee Ten Lakhs) aggregating to Rs. 70,00,00,000/- (Rupees Seventy Crores Only).

4. Redeemed 750 (Seven Hundred Fifty) Rated, Senior, Secured, Dematerialized, Redeemable, Listed, Transferable, Non-Convertible Debentures each having a face value of Rs. 10,00,000/- (Rupee Ten Lakhs) each aggregating to Rs. 75,00,00,000/- (Rupees Seventy Five Crores Only).

5. Increased the Borrowing Limits under Section 180(1)(c) to 16,000 crores vide Special Resolution passed in Extra-Ordinary General Meeting dated 12th April 2021.

6. has increased its Authorized Share Capital from Rs. 10,55,00,00,000/- (Rupees One Thousand Fifty Five Crores Only) consisting of 75,50,00,000 (Seventy Five Crores Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 3,00,00,000 (Three Crores) Preference Shares of Rs. 100/- (Rupees Hundred Only) each to Rs. 15,55,00,00,000/- (Rupees One Thousand Five Hundred Fifty Five Crores Only) consisting of 75,50,00,000 (Seventy Five Crores Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 8,00,00,000 (Eight Crores) Preference Shares of Rs. 100/- (Rupees Hundred Only) each by creating additional 5,00,00,000 (Five Crores) Preference Shares of 100/- (Rupees Hundred Only) each vide Ordinary Resolution passed in Extra-Ordinary General Meeting dated 9th September 2021.

We further report that the report is issued on the basis of documents and papers provided to us by the management of the Company.

This report is to be read with our letter of even date which is annexed as Annexure I and forms an integral part of this report.

For N S & Associates
(Company Secretaries)

Sd/-
CS Nagendra Chauhan
Proprietor
M.No. 8307, CP No. 9312
UDIN: F008307D000741710
Peer Review Cert. No.: 909/2020

Place: Delhi
Date: 04.08.2022

Annexure - I to the Secretarial Audit Report

To,
The Members,
Svatantra Microfin Private Limited
Sunshine Tower, Level 20,
Senapati Bapat Marg, Elphinstone Road
Mumbai–400013

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, the Company has provided the certified copies or extracts of the records and documents. I have also relied upon the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, guidelines, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For N S & Associates
(Company Secretaries)

Sd/-
CS Nagendra Chauhan
Proprietor
M.No. 8307, CP No. 9312
UDIN: F008307D000741710
Peer Review Cert. No.: 909/2020

Place: Delhi
Date: 04.08.2022

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ANNEXURE B

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIALYEAR 2021-22

1. **Brief outline on CSR Policy of the Company.**

   Pursuant to Section 135(1) of the Companies act 2013 read with Companies (Corporate Social Responsibility) Rules, 2014, the Board of Directors has constituted CSR Committee. The Board has also framed a CSR policy in compliance with the provisions of Companies Act 2013.

   In line with CSR Policy and in accordance with Schedule VII of the Act, the Company proposes to undertake suitable projects in the field of promotion of healthcare, including preventive health care and sanitation and disaster management, education, women empowerment, humanitarian relief and other areas.

   The objective of the company's CSR policy is to lay down guiding principles for proper functioning of CSR activities to attain sustainable development of the nearby society.

2. **Composition of CSR Committee:**

Sr. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Ms. Ananyashree Birla	Chairperson	5	3
2.	Mrs. Neerja Birla	Director	5	5
3.	Mr. Vineet Bijendra Chattree	Director	5	5

3. **Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.**

   https://svatantramicrofin.com/

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8of the Companies (Corporate Social responsibilityPolicy) Rules, 2014, if applicable (attach the report).**

   Not Applicable

5. **Details of the amount available for set off in pursuanceof sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set- off for the financial year, if any (in Rs)
1.	N.A.	NIL	NIL
2.			
3.			
	Total	Nil	Nil

6. **Average net profit of the company as per section 135(5).**

   Rs. 36,73,30,312/-

7. **(a) Two percent of average net profit of the company asper section 135(5)**

   Rs. 73,46,606/-

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.

   NIL

   (c) Amount required to be set off for the financial year, if any

   NIL

   (d) Total CSR obligation for the financial year (7a+7b-7c).

   Rs. 73,46,606/-

8. **(a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified underSchedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
Rs. 37,46,652/-	Rs. 36,00,000/-	28-04-2022	N.A.	NIL	N.A.

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(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	**Name of the Project.**	**Item from the list of activities in Schedule VII to the Act**	**Local area (Yes/No)**	**Location of the project.**		**Project duration.**	**Amount allocated for the project (in Rs.)**	**Amount spent in the current financial Year (in Rs.)**	**Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)**	**Mode of Implementation - Direct (Yes/No)**	**Mode of Implementation – Through Implementing Agency**	
				State	**District**						**Name**	**CSR Registration number**
1.	Promote socio economic development of every child, integrated school for children with special needs, Prioritizing menstrual health and hygiene management as key focus area	promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Across identified states	Across identified districts	3 Years	21,00,000	NIL	21,00,000	No	Aditya Birla Education Trust	CSR00004879
2.	Contribution towards women empowerment to CIIE to support Swanari	promoting education, including special education and employment enhancing vocation skills	Yes	Across identified states	Across identified districts	3 Years	15,00,000	Nil	15,00,000	No	CIIE Initiatives	CSR00002977

	Program	especially among children, women, elderly and the differently abled and livelihood enhancement projects.										
	TOTAL						**36,00,000**	**NIL**	**36,00,000**			

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	**Name ofthe Project**	**Item from the list of activities in schedule VII to the Act**	**Local area (Yes/ No)**	**Location of the project.**		**Amount spent forthe project (in Rs.)**	**Mode of implementation - Direct (Yes/No)**	**Mode of implementation – Through implementing agency.**	
				State	**District**			**Name**	**CSR registratio nnumber**
1.	Arrangement of Health Camps in flood affected areas in the state of Bihar	promoting health care including preventive health care	Yes	Bihar	Across various Districts	2,79,400	Yes	N.A.	N.A.
2.	Covid – 19 Relief Expenses	promoting health care including preventive health care	Yes	Across identified states	Across identifie d districts	66,923	Yes	N.A.	N.A.
3.	Eradicating hunger, poverty & malnutrition and also promote education among children, women and elderly.	Eradicating hunger, poverty and malnutrition and promoting health care including preventive health care	Yes	Across identified states	Across identifie d districts	15,00,000	No	The Akshay Patra Foundation	CSR00000286
4	To protect and empower women, foster humility and gallantry among men, and fuel	promoting education, including special education and	Yes	Across identified states	Across identifie d districts	15,00,000	No	Meer Foundation	CSR00007537

	the bravery and optimism that exists within each one of us.	employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.							
5	To provide sustainable pathways out of poverty and advocate for the rights and equality for vulnerable children and communities in West Bengal, India	Eradicating hunger, poverty and malnutrition	Yes	West Bengal	Across identified districts	4,00,329	No	Hope Kolkata Foundation	CSR00000338
	TOTAL					**37,46,652**			

(d) Amount spent in Administrative Overheads.
NIL

(e) Amount spent on Impact Assessment, if applicable
N.A.

(f) Total amount spent for the Financial Year (8b+8c+8d+8e)
Rs. 37,46,652/-

(g) Excess amount for set off, if any: NA

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account undersection 135 (6)(in Rs.)	Amount spent in the reporting Financial Year(in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1.	2020-21	35,50,000	14,85,407	N.A.	NIL	N.A.	20,64,593
2.							
3.							
	TOTAL	35,50,000	14,85,407	N.A.	NIL	N.A.	20,64,593

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(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	**Project ID**	**Name of the Project**	**Financial Year in which the project was commenced**	**Project duration**	**Total amount allocated for the project (in Rs.)**	**Amount spent on the project in the reporting Financial Year (in Rs)**	**Cumulative amount spent at the end of reporting Financial Year. (in Rs.)**	**Status of the project - Completed / Ongoing**
1.	N.A.	Facilitating COVID 19 relief efforts, providing essential Medical equipment And infrastructure like mask, sanitizer etc.	2020-21	3 Years	5,60,000	4,18,354	4,18,354	Ongoing
2.	N.A.	Installation of Inverter with Solar Batteries at PHC's in 50 to 60 rural villages	2020-21	3 Years	15,27,000 (Installation and other charges at actual)	3,17,053	3,17,053	Ongoing
3.	N.A.	Promotion And installation Rainwater harvesting (RWH) in villages Having scarce rainfall	2020-21	3 Years	15,00,000	7,50,000	7,50,000	Ongoing
	TOTAL	**N.A.**	**N.A.**	**N.A.**	**35,87,000**	**14,85,407**	**14,85,407**	**N.A.**

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

(asset-wise details).

(a) Date of creation or acquisition of the capital asset(s).

N.A.

(b) Amount of CSR spent for creation or acquisition of capital asset.

NIL

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

N.A.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

N.A.

11. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).**

The Company has approved CSR expenditure of Rs. 73,46,606/- (i.e. two percent of the average net profit of the last three financial years) for the financial year 2021-22 and out of the same, it made CSR expenditure of Rs. 37,46,652/- in FY 2021-22.

Further the CSR Committee during financial year 2021-22 identified few ongoing projects for CSR to be undertaken during the course of next three Financial Years and accordingly transferred Rs. 36,00,000/- (to the Unspent CSR account of the Company).

FOR SVATANTRA MICROFIN PRIVATE LIMITED

Sd/-	**Sd/-**
ANANYASHREE BIRLA	**VINEET BIJENDRA CHATTREE**
(CHAIRPERSON - CSR COMMITTEE)	**(DIRECTOR)**
DIN: 06625036	**DIN: 07962531**

Date: 12.08.2022

Place: Mumbai

ANNEXURE - C

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC OVERVIEW:

The first quarter of Financial Year 2021-22 saw a significant impact of second wave of the COVID-19 pandemic which reached deeper compared to the first wave, however given the efforts towards vaccination by the Central and state government it was controlled and there was some respite and recovery. Plethora of initiatives such as vaccination program, untiring services of the front-line warriors, fiscal and monetary policies, stimulus measures of Reserve Bank of India, Infusion of capital through various programs by central and state governments provided a much-needed cushion for the stability of the economy.

Further there was a support extended under resolution framework 2.0 by RBI wherein Resolution Framework for COVID-19 Related Stress offer limited window to individual borrowers and small businesses having stress on account of Covid 19 pandemic, for implementation of resolution plans in respect of their credit exposures while classifying the same as “Standard” during the implementation period of the resolution plan.

According to the provisional estimates of annual national income 2021-22 published by the National Statistical Office for the financial year 2021-22, the growth in GDP during 2021-22 is estimated at 8.7% as compared to contraction of 6.6% in 2020-21.

The Regulatory framework on Microfinance loan was announced by Reserve Bank of India on 14th March 2022 vide RBI Circular no. RBI/DOR/2021-22/89/DoR.FIN.REC.95/03.10.038/2021-22. The Regulatory framework on microfinance loan come subsequent to the Consultative Document released by the RBI in June 2021 with the purpose to harmonise the guidelines for microfinance loans. The regulation is applicable to all regulated entities and has created a level playing field, which will encourage healthy competition and challenge regulated entities to innovate and become more efficient, and in the process protect and benefit the clients while furthering the achievement of financial inclusion. The guidelines proposes the definition of Microfinance Loans as the unsecured loans with FOIR <50%, offered to borrowers with Household income less than INR 3 Lakh per annum.

The ‘Regulatory Framework for Microfinance Loans, 2022’ has come at a very opportune time when the industry has navigated the stressful Covid period well and has started showing signs of normalcy. This regulation is expected to usher in a new phase of growth in the microfinance sector which is more client centric and responsible and will enable regulated entities to reach out to new unreached areas/excluded households.

The new guidelines also helps the NBFC-MFIs to price the risk adequately and enhance the product diversification thereby improve their capability to offer adequate products to lower income segment borrowers through their reach in the deeper rural parts of the country.

MICROFINANCE IN INDIA

Microfinance in India plays a major role in development of India. It is a proven vehicle towards financial inclusion. It aims at assisting communities of the economically excluded to achieve greater level of asset creation and income security at the household and community level. The concept of microfinance focuses on women also by granting them loans. It acts as a tool for the empowerment of poor women as women are becoming independent, they are able to contribute directly to the well beings of their families and are able to confront all the gender inequalities.

According to Microfinance Institutions Network (MFIN) Report as on 31st March 2022 which is based on data collected from 55 NBFC–MFI members, 3.4 Crore clients have loan outstanding from NBFC-MFIs, which is 8.3% higher than clients as on 31st March 2021. The aggregate GLP of MFIs is Rs. 96,561 Crore as on 31st March 2022, including owned portfolio Rs. 82,458 Crore and Managed portfolio (off BS) of Rs. 14,104 Crore. The owned portfolio of MFIN members is about 82.1% of the NBFC-MFI universe portfolio of Rs. 1,00,407 Crore. On YoY basis GLP has increased by 19.4% as compared to 31st March 2021 and by 12.5% in comparison to 31st December 2021. Loan amount of Rs. 83,354 Crore was disbursed in FY 2021-22 through 2.3 Crore accounts, including disbursement of owned and managed portfolio. This is 44.9% higher than the disbursement made in FY 2020-21. Average loan amount disbursed per account during FY 2021-22 was Rs. 37,020/- which is an increase of around 8.5% in comparison to last FY.

As on 31st March 2022, the borrowings outstanding of NBFC-MFI were Rs. 76,325 Crore. Other Banks (apart from Top 5 banks) contributed 40.1% of borrowings O/s followed by 21.2% from non-Bank entity, 19.3% from Top 5 Banks, 12.6% from AIFIs, 3.9% from other sources and 3.0% from External Commercial Borrowings (ECB). During FY 2021-22, NBFC-MFI received a total of Rs. 47,931 Crore in debt funding, which is 18.1% higher than FY 2020-21. Other Banks contributed 44.2% of total borrowings received followed by 22.4% from top 5 Banks, 15.9% from Non-Bank entities, 11.2% from AIFIs, 1.4% from External Commercial Borrowings (ECB) and 4.9% from other sources.

The total equity of NBFC-MFI as on 31st March, 2022, grew by 15.2% as compared to FY 2020-21 and is at Rs. 21,419 Crore as on 31st March, 2022. Portfolio at Risk (PAR) >30 days as on 31st March, 2022 has increased to 9.7% as compared to 9.2% as on 31st March 2021. MFI now have presence in 27 States and 5 Union Territories. In terms of regional distribution of portfolio (GLP), East and North-East accounts for 31% of the total NBFC-MFI portfolio, South 27%, West 16%, North 15% & Central contributes 11%.

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COMPANY OVERVIEW

Svatantra Microfin Private Limited is a registered NBFC–MFI promoted by Ms. Ananyashree Birla, a young entrepreneur, passionate about setting up a new age microfinance entity leveraging technology to bring about a positive change in lives of the underserved segment of India. The Company focuses on reaching out to unbanked and providing financial services to women entrepreneurs – 100% of its clients comprise women living in rural areas. The Company's responsibilities extend beyond financial support to educating clients on financial literacy.

The Company has demonstrated the success and scalability of its business model by providing micro-credit to women borrowers across 18 states. The active customer base of the Company comprises of around 17 Lakhs women customers as on 31st March, 2022. As per the financial as on 31st March, 2022, the total income of the Company was Rs. 830.64 Crore with a Profit after tax (PAT) of Rs. 47.27 Crore. The Company has been rated CRISIL A+ for its borrowings. As on 15th June 2022, the credit rating of Non-Convertible Debentures issued under ISIN INE00MX08011 has been revised from CARE A (Stable) to CARE AA- (Stable). The CRAR of the Company as per the financials as on 31st March, 2022, was 25.65% against the minimum regulatory requirement of 15% for NBFC-MFI.

During financial year 2021-22, the Company has disbursed more than Rs. 4548.76 crores to microfinance borrowers through JLG model. The Company's Gross Loan Portfolio as on 31st March, 2022, is Rs. 4955.74 crores with the network of 692 Branches across 18 States.

Svatantra has a strong pedigree of Promoters, Board Members & Management team who are involved in building a successful enterprise. As on 31st March 2022, the Company the total share capital was Rs. 757.04 Crores and the Net-worth was Rs. 869 Crores.

OPERATIONAL PERFORMANCE

The Company registered a stellar performance in 2021-22. From an operational perspective, the Company has taken important strides which promise to make its profitable growth sustainable.

During the financial year 2021-22 the Company increased its branch network from 512 branches to 692 branches as on 31st March, 2022 which has helped in strengthening its active customer base to 16,82,523 as on 31st March, 2022.

The gross loan portfolio of the Company stood at Rs. 4,955.74 crores as on 31st March, 2022.

During financial year 2021-22 Company has received ***"MICROFINANCE ORGANIZATION OF THE YEAR AWARD"*** at Inclusive Finance India Awards 2021.

Great place to Work India, an association involved in sustaining and recognizing "High Trust, High Performance" at workplaces certified the Company as Great Place to Work Organization in January 2022.

FINANCIAL PERFORMANCE

(Rs. In Lakhs)

PARTICULARS	31st March, 2022	31st March, 2021
Income		
Revenue from operations	81,974	55,686
Other Income	1,090	313
Less: Total Expenditure	76,755	52,315
Profit / Loss Before Tax	**6,309**	**3,684**
Less: Current Tax	4,110	2,874
Less: Deferred tax Expenses/(Credit)	(2,528)	(1,898)
Profit/Loss After Tax (A)	**4,727**	**2,708**
Other Comprehensive Income, Net of Tax		
Item that will not be reclassified to the statement of Profit and Loss	(56)	(12)
Income tax Expense on above	14	3
Other Comprehensive Income (B)	**(42)**	**(9)**
Total Comprehensive Income (A) + (B)	**4,685**	**2,699**

OUTLOOK FOR 2022-23

With the impact of COVID-19 on credit costs largely being absorbed, there is a likelihood of normalised growth for MFIs, collections especially on post-covid disbursements have recovered and refinance has become relatively easy. Moreover, there are increased viability expectations for small-mid NBFC-MFIs after the implementation of harmonization guidelines, as entities could revise their lending rates. This could improve pre-provision operating profit (PPOP) margins and provide higher tolerance to withstand credit costs.

The increase in the disbursements in the industry during financial year 2021-22 provides hope for better growth prospects in the financial year 2022-23.

RISK AND CONCERNS

The Company is exposed to various risks such as pandemic risk, credit risk, economic risk, interest rate risk, liquidity risk, and cash management risk, technology risks, etc. The Company has a risk management framework that involves risk identification, risk assessment, and risk mitigation planning.

The Board of Directors has constituted a Risk Management Committee. The terms of reference of the Risk Management Committee include a periodical review of the risk management policy, risk management plan, implementing and monitoring the risk management plan, and mitigation of the key risks. The Risk owners are accountable to the Risk Committee for identifying, assessing, aggregating, reporting, and monitoring the risk related to their respective areas/functions. The Company has taken Directors and Officers insurance policy cover to mitigate legal risks to Directors and senior management.

The Company has put in place adequate checks by complying with the regulations framed by RBI which are applicable to the Company. It also has an effective risk management department which is bound to work in an effective manner in order to mitigate risks.

The Company is regulated by Reserve Bank of India which has stipulated certain regulations to be followed by each and every NBFC-MFI.

INTERNAL CONTROL AND ITS ADEQUACY:

The Company believe that strong internal control system and process play a crucial role in the health of the Company. The Company's well-defined organizational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. Moreover, the Company continuously upgrades these processes and systems in line with the best available practices. The internal control system is supplemented by extensive internal audits, regular reviews by the management and standard policies and guidelines which ensure reliability of financial and all other records. The Internal Audit reports are periodically reviewed by the Audit Committee.

At Svatantra, the internal control procedures include internal financial controls, ensuring compliance with various policies, practices and statutes considering the organization's growth and complexity of operations. The framework constantly monitors and assesses all aspects of risks associated with current activities and corporate profile, including scientific and development risks, partner interest risks, commercial and financial risks.

HUMAN RESOURCE

We at Svatantra Microfin Private Limited are committed to fostering a collaborative, transparent and participatory organizational culture. Our Human Resource Management is focused on helping our employees to advance in their careers and enhance their talents. The primary goal was to ensure successful employee engagement, well-being and long-term motivation levels in the new hybrid work paradigm.

Centered on the health and well-being of its employees, Company took a number of efforts to keep the employees productive and engaged and took various measures for increasing employees' resilience during financial year 2021-22.

The Company has a robust organization structure wherein 5957 employees are engaged as on 31st March, 2022 across network of 692 Branches in 18 States.

FOR SVATANTRA MICROFIN PRIVATE LIMITED

Sd/-
ANANYASHREE BIRLA
(CHAIRPERSON)
DIN: 06625036

Date: 12.08.2022
Place: Mumbai

INDEPENDENT AUDITOR'S REPORT

To the Members of Svatantra Microfin Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Svatantra Microfin Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity, and the Statement of Cash Flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not

provide a separate opinion on these matters, we have determined the matters described below to be the key audit matters to be communicated in our report.

S No.	Key Audit Matter	Auditor's response
1.	**Impairment of loans** Recognition and measurement of impairment of loans and advances involve significant management judgement. Under Ind AS 109, Financial Instruments, allowance for loan losses is determined using expected credit loss ("ECL") estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: ▪ Data inputs: The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. ▪ Model estimations: Inherently judgemental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgemental aspect of the Company's modelling approach. ▪ Economic scenarios: Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant	**Principal Audit Procedures** Our key audit procedures included: ▪ Evaluation of the appropriateness of the impairment principles used by management based in the requirements of Ind AS 109, our business understanding and industry practice. ▪ Understanding management's processes, systems and controls implemented in relation to impairment allowance process ▪ Evaluating management's controls over collation of relevant information used for determining estimates for management overlays. ▪ Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. ▪ Testing of review controls over measurement of impairment allowances and disclosures in Ind AS financial statements. ▪ Assessing the appropriateness of management rationale for determination of criteria for SICR considering both: adverse effects of COVID-19 and mitigants in the form of the RBI / Government financial relief package. ▪ Assessing the appropriateness of changes made in macro-economic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model. ▪ Corroborate through independent check and enquiries the reasonableness of management's assessment of grading of severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed. ▪ Focus on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model.

	management judgement is applied in determined the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. ▪ Restructuring: The Company has restructured loans in the current year on account of COVID-19 related regulatory measures. This has resulted in increased management estimation over determination of provision for such restructured loans. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Ind AS financial statements, and possibly many times that amount. Disclosures The disclosures (including disclosures prescribed by RBI) regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results. Refer Note 2(k), Note 2(p)(ii), Note 5, Note 6, Note 35 (c) and Note 36to the Ind AS financial statements.	▪ Test of details over of calculation of impairment allowance for assessing the completeness, accuracy, and relevance of data. ▪ Model calculations testing through re-performance where possible. ▪ Assessed the appropriateness of management's judgements in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets. ▪ Assessed whether the disclosures on key judgements, assumptions, and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Ind AS financial statements are appropriate and sufficient.
2	**IT systems and control** Financial accounting and reporting processes, especially in the financial services sector are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, hence we identified IT systems and controls over	**Principal Audit Procedures** ▪ We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration, and other identified application controls.

	financial reporting as a key audit matter for the Company. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.	▪ We tested IT general controls (logical access changes management and aspects of IT operational controls). ▪ We tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization. In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. Other information comprises of the information included in the Management Discussion and Analysis Report, Board's Report including Annexures to the Board's Report and Shareholders' Information but does not include the financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Based on the work we have performed, if we conclude that there is a material misstatement of this other information then we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity, and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the

financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The comparative financial information of the Company for the year ended March 31, 2021, included in the financial statements, are based on the previously issued Ind AS financial statements audited by the predecessor auditor whose report for the year ended March 31, 2021, dated June 29, 2021, expressed an unmodified opinion on those financial statements. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(2) As required by section 143(3) of the Act, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity, and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under section 133 of the Act;

e. On the basis of the written representations received from the directors as on March 31, 2022, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, from being appointed as a director in terms of section 164(2) of the Act;

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, we give our separate report in "Annexure 2".

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and according to the information and explanations given to us, the Company has not paid and provided managerial remuneration during the year.

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   (i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 29 to the Ind AS financial statements;

   (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   (iii) There is no amount required to be transferred, to the Investor Education and Protection Fund by the Company.

   (iv) a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe

that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

(v) The Company has not declared or paid any dividend during the year and until the date of this report

For **BGJC & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 003304N/N500056

Sd/-
Pranav Jain
Partner
Membership No. 098308

UDIN: 22098308AKPMLE1633

Date: May 26, 2022
Place: Mumbai

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Svatantra Microfin Private Limited on the financial statements for the year ended March 31, 2022]

To the best of our information and according to the information, explanations, and written representations provided to us by the Company and the books of account and other records examined by us in the normal course of audit we report that:

(i) In respect of the Company's Property, Plant and Equipment and Intangible assets:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and relevant details of right of use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular program of physical verification of its property, plant and equipment and right of use assets under which the assets are physically verified, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment and right of use assets which were due for physical verification during the year were verified during the year and no material discrepancies were noticed on such verification.

(c) The Company does not own any immovable property (other than properties where the Company is the lessee, and the lease agreements are duly executed in favor of the lessee). Accordingly, reporting under clause 3(i)(c) of the Order is not applicable to the Company.

(d) The Company has not revalued its Property, Plant and Equipment (and Right of Use assets) or intangible assets during the year.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.

(ii) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii) of the Order is not applicable to the Company.

(iii) The Company has granted loans to various parties in the normal course of its business as a Non-Banking Finance Company. The Company has also granted loans to its employees as per Company's established policy during the year.

The Company has not made any investment, provided any guarantee or security to companies, firms, Limited Liability Partnerships (LLPs) during the year.

(a) The Company is a Non-Banking Finance Company, and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.

(b) The terms and conditions of the grant of all loans are not, prima facie, prejudicial to the interest of the Company.

(c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated for all the loans and advances in the nature of loans. The repayments/receipts of principal and interest for the loans outstanding as of March 31, 2022 are regular, except for the following details:

Bucket days past due (DPD)	Amount outstanding as on March 31, 2022 (₹ Lakhs)
1 to 90 DPD	20,311
More than 90 DPD	16,776

(d) The total amount (aggregate of principal and interest) which is overdue for more than 90 days as of March 31, 2022 in respect of loans or advances in the nature of loans granted to other parties is Rs. 16,776 lakhs. In our opinion reasonable steps have been taken by the Company for recovery of such principal amounts and interest.

(e) The Company is a Non-Banking Finance Company, and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans, which are repayable on demand or without specifying any terms or period of repayment.

(iv) The Company has not entered into any transaction covered under sections 185 and 186 of the Act. Accordingly, reporting under clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has not accepted any deposits and there are no amounts which have been considered as deemed deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's business activities. Accordingly, reporting under clause 3(vi) of the Order is not applicable.

(vii) (a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory dues referred to in subclause (a) above that have not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.

(ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and written representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.

(c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

(x) (a) In our opinion and according to the information and explanations given to us, monies raised by way of non-convertible listed debentures were applied for the purposes for which these were obtained, though idle/surplus funds which were not required for immediate utilisation have been invested in readily realisable liquid investments. The Company has not raised any money by way of initial public offer or further public offer, during the year.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully, partially or optionally convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company has been noticed or reported during the period covered by our audit except for instances of misappropriation of cash by certain employees of the Company aggregating to Rs. 39 lakhs and out of which an amount of Rs. 26 lakhs has been recovered.

(b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us including the written representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

(b) According to the information and explanations given to us, the Company has conducted Non-Banking Financial activities during the year under a valid Certificate of Registration (CoR) from the RBI as per the Reserve Bank of India Act, 1934

(c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.

(xvii) The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII of the Companies Act, 2013 in compliance with second proviso to sub-section (5) of Section 135 of the Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company.

(b) The Company has transferred the remaining unspent amount under sub-section (5) of section 135 of the Act, in respect of ongoing project, within a period of 30 days from the end of financial year to a special account in compliance with the provision of sub-section (6) of section 135 of the Act.

(xxi) The Company is not required to prepare Consolidated Financial Statements. Further, the reporting under clause (xxi) is not applicable in respect of audit of financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **BGJC & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 003304N/N500056

Sd/-
Pranav Jain
Partner
Membership No. 098308

UDIN: 22098308AKPMLE1633

Date: May 26, 2022
Place: Mumbai

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Svatantra Microfin Private Limited on the Ind AS financial statements for the year ended March 31, 2022]

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Svatantra Microfin Private Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **BGJC & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 003304N/N500056

Sd/-

Pranav Jain
Partner
Membership No. 098308

UDIN: 22098308AKPMLE1633

Date: May 26, 2022
Place: Mumbai

Auditor's Additional Report

To
The Board of Directors
Svatantra Microfin Private Limited ("the Company")
20th Floor, Sunshine Towers,
S.B. Marg, Elphinstone Road,
Mumbai- 400013

Report on the Financial Statements

We report that the statutory audit of Svatantra Microfin Private Limited ("The Company") was conducted by us in pursuance of the provisions of the Companies Act, 2013 and we have annexed hereto a copy of our Audit Report dated **26 May, 2022** with a copy of each of the audited balance sheet as at 31 March 2022, statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows of the Company for the year ended on 31 Match 2022 along with the documents declared by the relevant Act to be part of, or annexed to, the statement of profit and loss and the balance sheet.

In addition to the said report made under Section 143 of the Companies Act, 2013 ("the Act") on the financial statements of the Company for the year ended 31 March 2022 and as required by Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 ('The Direction'), issued by the Reseve Bank of India ('RBI') vide notification No. DNBS PPD.03/66.15.001/2016-17/ dated 29 September 2016 pursuant to the powers conferred in therms of Sub-Section (1A) of Section 45MA of the Reserve Bank of India Act, 1934, we report on the matters specified in paragraphs 3 and 4 of the said Directions, to the extent applicable, as follows:

Management's Responsibility for the financial statements

The Company's management is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

The Company's management is responsible for ensuring that the Company complies with the requirements of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (the 'Master Directions') as amended from time to time. This responsibility includes the design, implementation and maintenance of internal control relevant to the compliance with the Master Directions.

Auditor's Responsibility

Pursuant to the requirements of the Directions, it is our responsibility to examine the books of account and records of the Company and report on the matters specified in the Directions, to the extent applicable to the Company.

We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)' issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.'

Conclusion

Based on our examination of the financial statements as at and for the year ended 31 March 2022, books of account and records of the Company as produced for our examination and according to the information and explanations given to us, we further report that:

1. **Para 3(A)**

   I. The Company is engages in the business of Non-Banking Financial Company as defined under clause (i) of Section 45-I(c) of the Reserve Bank of India Act, 1934. The Company has obtained a Certificate of Registration numbered N-13.02038 from Mumbai R.O. of the Reserve Bank of India (RBI) dated 05 February 2013 for registration as a “Non-Banking Financial Company – Micro Finance Institution (NBFC-MFI)” as provided in sub-section (1) of Section 45-IA of the Reserve Bank of India Act, 1934.

   II. On the basis of the financial statements for the year ended 31 March 2022 audited by us and as per Paragraph 5 of Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, we hereby report that the Company is entitled to continue to hold such Certificate of Registration in terms of its financial asset/income pattern as on 31 March, 2022.

   III. Based on the net owned fund requirement as laid down in Paragraph 5 of Master Direction – Non Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company is meeting the required net owned fund requirement.

2. **Para 3(B)**

As indicated in Clause 1 above, since the Company has Certificate of Registration as "Non-Banking Financial Company Not Accepting Public Deposits", the matters referred to in Para 3(B) of the Directions are not applicable to the Company.

3. **Para 3(C)**

I. The Board of Directors has passed a resolution in the meeting of Board of Directors held on 05 April 2021 for the non-acceptance of any public deposits.

II. The Company has not accepted any Public Deposit during the year.

III. The Company has complied with the prudential norms relating to income ~~f~~recognition, accounting standards, assets classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial Company – Sytemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, in the preparation of financial statements for the year ended 31 March 2022.

IV. The Company being a Systemically Important Non-Deposit taking NBFC as defined in Paragraph 3 (xxxi) of the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

a) The Capital adequacy ratio as disclosed in the return submitted to the RBI in form DNBS-03 has been correctly arrived at and such ratio is in compliance with the minimum capital to risk asset ratio ('CRAR') prescribed by RBI; and

b) The Company has furnished to the RBI, the statement of capital fun~~u~~ds, risk assets / exposuresand risk asset ratio (DNBS-03) within the stipulated period.

V. Based on the criteria set forth by the RBI in Paragraph 3(xx) of the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has been correctly classified as NBFC-MFI as defined in the said Directions with reference to the business carried on by it during the year ended 31 March 2022.

4. **Para 3(D)**

Since as per RBI, the Company is required to hold Certificate of Registration, the matters referred to in Para 3(D) of the Directions are not applicable to the Company.

Restrictions of use

We have no responsibility to update this Report for events and circumstances occurring after the date of this report.

This report is issued pursuant to our obligations under Non-banking Financial Companies Auditors' report (Reserve Bank) Directions, 2016 to submit a report on additional matters as stated in the Directions to the RBI. Our report should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **BGJC & Associates LLP**
Chartered Accountants
Firm's Registration Number.: 003304N/N500056

Sd/-

Pranav Jain
Partner
Membership No.: 098308
UDIN: 22098308ALGNTN4214

Place: Mumbai
Date: 26 May 2022

Svatantra Microfin Private Limited
Balance Sheet as at 31 March 2022

(Rs. In Lakhs)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	3	68,687	63,462
(b) Bank balances other than cash and cash equivalents	3	23,999	3,533
(c) Receivables			
(i) Trade receivables	4	292	235
(ii) Other receivables	4	497	374
(d) Loans	5	471,433	294,752
(e) Other financial assets	6	5,600	7,642
Total financial assets		**570,508**	**369,998**
(2) Non-financial assets			
(a) Current tax assets (net)		398	-
(b) Deferred tax assets (net)	7	5,361	2,833
(c) Property, plant and equipment	8	1,090	918
(d) Right of use asset	9	282	113
(e) Other Intangibles assets	10	116	182
(f) Other non financial assets	11	1,222	718
Total non-financial assets		**8,469**	**4,764**
TOTAL ASSETS		**578,977**	**374,762**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Payables	12		
(I) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises		452	556
(II) Other payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises		370	1,054
(b) Debt securities	13	21,444	30,945
(c) Borrowings (other than debt securities)	14	416,178	260,831
(d) Subordinated liabilities	15	42,812	14,720
(e) Other financial liabilities	16	9,506	8,318
Total financial liabilities		**490,762**	**316,424**
(2) Non-financial liabilities			
(a) Provisions	17	874	736
(b) Other non-financial liabilities	18	423	368
(c) Current tax liabilities (net)		-	36
Total non-financial liabilities		**1,297**	**1,140**
TOTAL LIABILITIES		**492,059**	**317,564**
EQUITY			
(a) Equity share capital	19	25,205	25,205
(b) Instruments entirely equity in nature	19	50,500	25,500
(c) Other equity	19	11,213	6,493
TOTAL EQUITY		**86,918**	**57,198**
TOTAL LIABILITIES AND EQUITY		**578,977**	**374,762**

Summary of significant accounting policies 2

The accompanying notes are an integral part of financial statements

As per our report of even date attached
BGJC & Associates LLP
Chartered Accountants
Firm's Reg. No.: 003304N / N500056

For and on behalf of the Board of Directors of
Svatantra Microfin Private Limited

Sd/-
Pranav Jain
Partner
Membership No. 098308
Place : Mumbai
Date : 26 May 2022

Sd/-
Ananyashree Birla
Director
DIN No. 06625036
Place : Mumbai
Date : 26 May 2022

Sd/-
Vineet Bijendra Chattree
Director
DIN No. 07962531
Place : Mumbai
Date : 26 May 2022

Sd/-
Anujeet Varadkar
Chief Executive Officer
Place : Mumbai
Date : 26 May 2022

Sd/-
Vrushali Mahajan
Chief Financial Officer
Place : Mumbai
Date : 26 May 2022

Sd/-
Surinder Kumar Bhatia
Company Secretary
Membership No. 17227
Place : Mumbai
Date : 26 May 2022

Svatantra Microfin Private Limited
Statement of profit and loss for the year ended 31 March 2022

(Rs. In Lakhs)

Particulars	Notes	For the Year ended 31 March 2022	For the Year ended 31 March 2021
Revenue from operations			
Interest income	**20**	67,974	45,812
Fees and commission income	**21**	1,966	1,026
Net gain on fair value changes	**22**	638	242
Net gain on derecognition of financial instruments under amortized cost category		11,396	8,606
Total Revenue from operations		**81,974**	**55,686**
Other income	**23**	1,090	313
Total income		**83,064**	**55,999**
EXPENSES			
Finance costs	**24**	37,616	27,746
Impairment on financial instruments	**25**	14,449	7,876
Employee benefits expenses	**26**	17,439	11,904
Depreciation and amortization	**27**	843	574
Other expenses	**28**	6,408	4,215
Total expenses		**76,755**	**52,315**
Profit/(loss) before exceptional items and tax		**6,309**	**3,684**
Exceptional items		**-**	**-**
Profit / (loss) before tax		**6,309**	**3,684**
Tax expense:			
Current tax		4,110	2,874
Deferred tax credit		(2,528)	(1,898)
Profit/ (loss) for the year after tax [A]		**4,727**	**2,708**
Other comprehensive income, net of tax			
Item that will not to be reclassified to the statement of profit and loss		(56)	(12)
Less: Income tax expense on above		14	3
Other comprehensive income for the year [B]		**(42)**	**(9)**
Total comprehensive Income for the year [A+B]		**4,685**	**2,699**
Earnings per equity share (Rs.)			
Basic		0.88	0.79
Diluted		0.88	0.79
Nominal value per share		10.00	10.00

Summary of significant accounting policies **2**
The accompanying notes are an integral part of financial statements

As per our report of even date attached
BGJC & Associates LLP
Chartered Accountants
Firm's Reg. No.: 003304N / N500056

Sd/-

Pranav Jain
Partner
Membership No. 098308
Place : Mumbai
Date : 26 May 2022

For and on behalf of the Board of Directors of
Svatantra Microfin Private Limited

Sd/-
Ananyashree Birla
Director
DIN No. 06625036
Place : Mumbai
Date : 26 May 2022

Sd/-
Vineet Bijendra Chattree
Director
DIN No. 07962531
Place : Mumbai
Date : 26 May 2022

Sd/-
Anujeet Varadkar
Chief Executive Officer
Place : Mumbai
Date : 26 May 2022

Sd/-
Vrushali Mahajan
Chief Financial Officer
Place : Mumbai
Date : 26 May 2022

Sd/-
Surinder Kumar Bhatia
Company Secretary
Membership No. 17227
Place : Mumbai
Date : 26 May 2022

Svatantra Microfin Private Limited
Statement of Changes in Equity for the year ended 31 March 2022

A. Equity share capital **(Rs. In Lakhs)**

Particulars	Number of shares	Amount
Balance as at 31 March 2020	252,046,875	25,205
Change during the year	-	-
Balance as at 31 March 2021	**252,046,875**	**25,205**
Change during the year	-	-
Balance as at 31 March 2022	**252,046,875**	**25,205**

B. Instruments entirely equity in nature

Compulsorily convertible non-cumulative preference shares ("CCPS") **(Rs. In Lakhs)**

Particulars	Number of shares	Amount
Balance as at 31 March 2020	-	-
Change during the year	25,500,000	25,500
Balance as at 31 March 2021	**25,500,000**	**25,500**
Change during the year	25,000,000	25,000
Balance as at 31 March 2022	**50,500,000**	**50,500**

C. Other equity **(Rs. In Lakhs)**

Particulars	Equity component of Compound financial instruments	Reserves and surplus						Total
		Securities premium	Capital reserve	Statutory reserves	Impairment reserve	Employee stock option plan reserve	Retained earnings	
Balance at 31 March 2020	5,108	4	-	1,104	235	49	1,904	**3,296**
Profit for the year	-	-	-	-	-	-	2,708	**2,708**
Other comprehensive income for the year (net of tax)	-	-	-	-	-	-	(9)	**(9)**
Transfer to statutory reserve	-	-	-	541	-	-	(541)	-
Fair value of stock option for the year	-	-	-	-	-	55	-	**55**
Equity component of compulsorily convertible non-cumulative preference shares	(5,108)	-	442	-	-	-	-	**442**
Balance at 31 March 2021	-	**4**	**442**	**1,645**	**235**	**104**	**4,062**	**6,493**
Profit for the year	-	-	-	-	-	-	4,727	**4,727**
Other comprehensive income for the year (net of tax)	-	-	-	-	-	-	(42)	**(42)**
Transfer to statutory reserve	-	-	-	938	-	-	(938)	-
Fair value of stock option for the year	-	-	-	-	-	36	-	**36**
Derecognition of compulsorily convertible non-cumulative preference shares	-	-	-	-	-	-	-	-
Balance at 31 March 2022	-	**4**	**442**	**2,583**	**235**	**140**	**7,809**	**11,213**

Significant accounting policies **2**

The accompanying notes are an integral part of financial statements

As per our report of even date attached
BGJC & Associates LLP
Chartered Accountants
Firm's Reg. No.: 003304N / N500056

Sd/-

Pranav Jain
Partner
Membership No. 098308
Place : Mumbai
Date : 26 May 2022

For and on behalf of the Board of Directors of
Svatantra Microfin Private Limited

Sd/-

Ananyashree Birla
Director
DIN No. 06625036
Place : Mumbai
Date : 26 May 2022

Sd/-

Vineet Bijendra Chattree
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Place : Mumbai
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Chief Executive Officer
Place : Mumbai
Date : 26 May 2022

Sd/-

Vrushali Mahajan
Chief Financial Officer
Place : Mumbai
Date : 26 May 2022

Sd/-

Surinder Kumar Bhatia
Company Secretary
Membership No. 17227
Place : Mumbai
Date : 26 May 2022

Svatantra Microfin Private Limited
Statement of Cash Flows for the year ended 31 March 2022

(Rs. In Lakhs)

Particulars	For the Year ended 31 March 2022	For the Year ended 31 March 2021
Profit /(loss) before tax	**6,309**	**3,684**
Cash flow from operating activities		
Adjustment for:		
Transaction costs on borrowings	(1,638)	(631)
Gain on sale of mutual fund units held as current investments	(638)	(242)
Depreciation and amortisation	843	573
Loss on sale of property, plant and equipment	1	0
Transaction cost on loan processing charges	1,344	152
Unwinding interest cost on compulsorily convertible preference shares	-	417
Interest on fixed deposits	(987)	(844)
Finance cost on lease liabilities	9	20
Impairment on financial instruments	14,449	7,876
Movement in working capital:		
- (Increase) / decrease in loans and advances	(192,474)	(95,746)
- (Increase) / decrease in receivables	(180)	298
- (Increase) / decrease in other financial assets	2,041	(287)
- (Increase) / decrease in other non financial assets	(488)	(28)
- Increase / (decrease) in trade payables	(481)	1,245
- Increase / (decrease) in other financial Liabilities	1,039	2,412
- Increase / (decrease) in other non financial Liabilities	(344)	143
- Increase / (decrease) in provisions	138	352
Cash generated from/(used in) operations	**(171,057)**	**(80,606)**
Income tax paid (net)	(4,459)	(2,592)
Cash generated from/(used in) operations [A]	**(175,516)**	**(83,198)**
Cash flow from/(used in) investing activities		
Purchase of property, plant and equipment, intangibles including intangibles underdevelopment	(841)	(510)
Proceeds from sale of property, plant and equipment and intangibles	11	6
Capital advance given	(16)	(15)
Purchase of mutual funds	(512,689)	(221,089)
Proceeds of sale of mutual funds	513,327	221,331
Interest received on fixed deposits	787	768
Maturity /(investments) of /in fixed deposits	(20,266)	(2,633)
Cash generated from/(used in) investing activities [B]	**(19,687)**	**(2,142)**
Cash flow from/(used in) financing activities		
Proceeds from issuance of compulsorily convertible preference shares	25,000	17,500
Proceeds from borrowings, debt securities and subordinated liabilities	375,600	236,388
Repayment of borrowings, debt securities and subordinated liabilities	(200,025)	(146,996)
Interest paid on lease liabilities	(9)	(20)
Repayment of lease liabilities	(140)	(112)
Cash generated from/(used in) financing activities [C]	**200,426**	**106,760**
Net increase/(decrease) in cash and cash equivalents [A+B+C]	**5,225**	**21,420**
Cash and cash equivalents at the beginning of the year	**63,462**	**42,042**
Cash and cash equivalents at the end of the year	**68,687**	**63,462**

Notes:

1. All figures in bracket are outflow.
2. The cash flow statement has been prepared under Indirect Method as per Ind AS 7 "Statement of Cash Flows".
3. Taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.

Significant accounting policies **2**

The accompanying notes are an integral part of financial statements

As per our report of even date attached
BGJC & Associates LLP
Chartered Accountants
Firm's Reg. No.: 003304N / N500056

Sd/-

Pranav Jain
Partner
Membership No. 098308
Place : Mumbai
Date : 26 May 2022

For and on behalf of the Board of Directors of
Svatantra Microfin Private Limited

Sd/-

Ananyashree Birla
Director
DIN No. 06625036
Place : Mumbai
Date : 26 May 2022

Sd/-

Vineet Bijendra Chattree
Director
DIN No. 07962531
Place : Mumbai
Date : 26 May 2022

Sd/-

Anujeet Varadkar
Chief Executive Officer
Place : Mumbai
Date : 26 May 2022

Sd/-

Vrushali Mahajan
Chief Financial Officer
Place : Mumbai
Date : 26 May 2022

Sd/-

Surinder Kumar Bhatia
Company Secretary
Membership No. 17227
Place : Mumbai
Date : 26 May 2022

Company Information

Svatantra Microfin Private Limited (‘the Company" or "SMPL") is a private limited company incorporated in India on 17 February 2012 under the Companies Act, 1956 having its registered office at 20th Floor, Sunshine Towers, Senapati Bapat Marg, Elphinstone Road (W), Mumbai - 400 013, Maharashtra. The Company is registered with Reserve Bank of India (RBI) as a "Non Banking Financial Company- Micro Finance Institution".

1 Basis of accounting and preparation of financial statements

The financial statements have been prepared in accordance with the Indian Accounting Standards (‘Ind AS’) as notified by Ministry of Corporate Affairs (‘MCA’) under Section 133 of the Companies Act, 2013 (‘Act’) read with the Companies (Indian Accounting Standards) Rules, 2015, (as amended from time to time) and other relevant provisions of the Act. Any application guidance/clarifications/ directions issued by Reserve bank of India and other regulators are implemented as and when they are issued/ applicable.

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below.

The Company consistently applies the following accounting policies to all periods presented in these financial statements, unless otherwise stated.

The financial statements for the year ended 31 March 2022 were authorised and approved for issue by the Board of Directors on 26 May 2022.

2 Significant accounting policies

a. Functional and presentation currency

These financial statements are presented in Indian Rupees (‘INR’ or ‘Rs.’) which is also the Company’s functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

b. Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or
In the absence of a principal market, in the most advantageous market for the asset or liability
The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

c. Revenue recognition

Interest Income

Interest income from financial assets (assets on finance) is recognised on accrual basis using Effective Interest Rate ('EIR') method. The EIR is the rate that discounts the estimated future cash flows through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset adjusted for upfront expenses and incomes attributable to the acquisition of the financial asset. The interest income is recognized on EIR method on a time proportion basis applied on the carrying amount for financial assets including credit impaired financial assets.

Net gain on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss held by Company on the balance sheet date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the Statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at Fair value through profit and loss ("FVTPL") and debt instruments measured at Fair value through Other Comprehensive Income ("FVOCI") is recognised in net gain\loss on fair value changes.
However, net gain / loss on derecognition of financial instruments classified as amortised is presented separately under the respective head in the Statement of Profit and Loss.

Commission income
Commission fee income is recognized on accrual basis when the service is rendered.

Income from direct assignment and securitization
Interest Income on securitized loans are considered at par with own loans and is also recognised under the Effective Interest Rate method. In case of Direct Assignment, Company recognize the income upfront on the basis of fair value by discounting the entire interest strip (excess interest spread) of assigned portfolio.

Interest income on deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

All other income is recognized on an accrual basis, when there is reasonable certainty in the ultimate realization / collection.

d. Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

Non-derivative financial assets
Subsequent measurement

i. Financial assets carried at amortised cost
a Financial asset is measured at the amortised cost if both the following conditions are met:

The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

ii. Investments in equity instruments

Investments in equity instruments which are held for trading are classified at fair value through profit or loss (FVTPL). For all other equity instruments, the Company makes an irrevocable choice upon initial recognition, on an instrument by instrument basis, to classify the same either at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). Amounts presented in other comprehensive income are not subsequently transferred to Statement of Profit and Loss. However, the Company transfers the cumulative gain or loss within equity.
Dividends on such investments are recognised in Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment.

iii. Investments in mutual funds
Investments in mutual funds are measured at fair value through profit and loss (FVTPL).

De-recognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company's balance sheet) when:
• The rights to receive cash flows from the asset have expired, or
• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.
When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. The Company continues to recognise the assets on finance on books which has been securitized under pass through arrangement and does not meet the de-recognition criteria.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised) and the sum of the consideration received (including the value of any new asset obtained less any new liability assumed).

Non-derivative financial liabilities
Subsequent measurement
Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities
A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

e. Foreign currency
Transactions in foreign currency are recorded at exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gain or loss arising on settlement and restatement are recognised in the Statement of Profit and Loss.

f. Property, plant and equipment
Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for its intended use, net charges
on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent Cost
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Depreciation
Depreciation is calculated as per the estimated useful life of assets prescribed by the Schedule II to the Companies Act 2013 or as estimated by the Company, whichever is shorter.

Leasehold improvements are amortised over the lease period.
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Derecognition of assets
An item of property plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement when the asset is derecognised.

Intangible assets
Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation and impairment loss, if any. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use and net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

Subsequent expenditure
Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, are recognized in statement of profit or loss as incurred.

Derecognition of assets
An item of intangible asset and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the Statement of Profit and Loss when the asset is derecognized.

Intangible assets comprising of Software are amortised on a straight line basis over its estimated useful life or 5 years, whichever is shorter.

Capital work-in-progress
Capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses to acquire property, plant and equipment. Assets which are not ready to intended use are also shown under capital work-in-progress.

g. Income taxes
Income tax expense comprises current tax expenses and net change in the deferred tax assets or liabilities during the year. Current and deferred taxes are recognised in the Statement of Profit and Loss, except when they relate to item that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax
Provision for current tax is recognized based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Advance taxes and provision for current income tax are presented in the balance sheet after offsetting the advance tax paid and income tax provision arising in the same jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred tax
Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets are recognised on unused tax loss, unused tax credits and deductible temporary differences to the extent it is probable that the future taxable profits will be available against which they can be used. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside Statement of Profit and Loss (either in other comprehensive income or in equity).

h. Employee Benefits
Short-term employee benefits:
Short term employee benefit obligations are measured on an undiscounted basis and are expensed as a related service provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Contribution to provident fund and other funds :
In accordance with Indian Law, eligible employees receive benefits from Provident Fund , Employee State Insurance Contribution (ESIC) and Labour welfare fund which is defined contribution plan. In case of Provident fund, both the employee and employer make monthly contributions to the plan, which is administrated by the Government authorities, each equal to the specific percentage of employee's basic salary. The Company has no further obligation under the plan beyond its monthly contributions. Obligation for contributions to the plan is recognised as an employee benefit expense in the Statement of Profit and Loss when incurred.

Gratuity:
Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit / obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefits / obligations are calculated at the balance sheet date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising on the measurement of defined benefit obligation is charged/ credited to other comprehensive income.

Compensated Absences:
The employees of the Company are entitled to leave as per the leave policy of the Company. The liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

i. Borrowing costs:
Borrowing cost of financial liabilities is recognised using the Effective Interest Rate (EIR) method.

j. Impairment of non-financial assets
At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the reporting date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

k. **Impairment of financial assets**
Loan assets
In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments, and are measured at amortised cost.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is calculated to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD). The 12 month ECL is calculated by multiplying the 12 month PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

The Company applies a three-stage approach to measure ECL on financial assets accounted for at amortised cost and FVTOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

i) Stage 1: 12-months ECL - For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Exposures with days past due (DPD) less than or equal to 30 days are classified as stage 1.

ii) Stage 2: Lifetime ECL – not credit impaired - For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised. Exposures with DPD 31 days to 90 days are classified as stage 2. At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

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iii) Stage 3: Lifetime ECL – credit impaired - Financial asset is assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial asset that have become credit impaired, a lifetime ECL is recognised on principal outstanding as at period end. Exposures with DPD more than 90 days are classified as stage 3.

Loss allowances for financial assets

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

It has been the Company's policy to regularly review its ECL model in the context of actual loss experience and adjust when necessary. For details, refer note 35 (C).

Other receivables

In respect of other receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. Any subsequent recoveries are credited to the Statement of Profit and Loss.

l. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand (including imprest), demand deposits and short-term highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value. The Company has netted off the balance of bank overdraft with cash and cash equivalents for cash Flow Statement.

m. Provisions, Contingent liabilities and Contingent assets:

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

Possible obligations which will be confirmed only by future events not wholly within the control of the Company or

Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

n. Earnings per share

The basic earnings per equity share is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares, which may be issued on the conversion of all dilutive potential shares, unless the results would be anti dilutive.

o. Leases

As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer note 2 (j) of accounting policy for impairment of non-financial assets.

ii. Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in other financial liabilities.

iii. Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of laptops, lease-lines and office furniture and equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

p. Critical accounting estimates and judgements

In the process of applying the Company's accounting policies, management has made the following estimates and judgements, which have a significant impact on the carrying amounts of assets and liabilities at each balance sheet date.

i. Fair value of financial instruments

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.
Fair value measurements under Ind-AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs) that the Company can access at measurement date Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 34.3.

ii. Expected credit loss

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and credit assessment and including forward looking information. The inputs used and process followed by the Company in determining the ECL have been detailed in Note 35(c).

iii. Effective interest rate

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected behavioural life of the financial asset to the gross carrying amount of the financial asset. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges) as well expected changes to the base rate and other transaction costs and fees paid or received that are integral parts of the instrument.

iv. Business model assessment

Classification and measurement of financial assets depends on the results of the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

v. Useful life and expected residual value of assets

Depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

vi. Leases

- The determination of lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options.
- The determination of the incremental borrowing rate used to measure lease liabilities.

vii. Deferred Tax

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced

viii. Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

ix. Provisions and contingencies

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in statutory litigation in the ordinary course of the Company's business. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

q. Recent pronouncements

On March 23, 2022, the Ministry of Corporate Affairs (MCA) notified Companies (Indian Accounting Standards) Amendment Rules, 2022 to further amend the Companies (Indian Accounting Standards) Rules, 2015 by making amendments to Ind AS 101 - First-time adoption of Indian Accounting Standards, Ind AS 103 - Business Combinations, Ind AS 109 – Financial Instruments, Ind AS 16 -Property, Plant and Equipment, Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets & Ind AS 41 – Agriculture; effective from 1 April 2022. Key amendments are as follows:-

1) Amendments to Ind AS 109, Financial Instruments: Paragraph B3.3.6 has been amended by adding an important clarification and shifting some portion to new paragraph B3.3.6A. New paragraph 7.2.35 contains transitional provision. As per pre-amended paragraph B.3.3.6, in the case of exchange of debt instruments between an existing borrower and lender mentioned in paragraph 3.3.2, the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. The amendment now clarifies that in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other‘s behalf.

2) Amendments to Ind AS 16, Property, Plant and Equipment: Sub-item (e) of paragraph 17 has been amended. The amendment now clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

3) Amendments to Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets: Paragraph 68A has been newly added and paragraph 69 has been amended. New paragraph 94A contains transitional provision. New paragraph 68A states that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both: • the incremental costs of fulfilling that contract—for example, direct labour and materials; and • an allocation of other costs that relate directly to fulfilling contracts— for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others. As per pre-amended paragraph 69 of Ind AS 37, before a separate provision for an onerous contract is established, an entity recognises any impairment loss (under Ind AS 36, ‘Impairment of Assets’) that has occurred on assets dedicated to that contract. As per amended paragraph 69 of Ind AS 37, before a separate provision for an onerous contract is established, an entity recognises any impairment loss (under Ind AS 36) that has occurred on assets used in fulfilling the contract. The amendment also provides transitional provisions.

The amendments are not significant; hence they are not expected to have a material impact on the financial statements of the Company.

Svatantra Microfin Private Limited
Notes to the financial statements for the year ended 31 March 2022

3 (a) Cash and cash equivalents

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Cash on hand	5	5
Balances with banks		
- In current and saving accounts	34,528	22,453
- Deposit with original maturity of less than three months (Refer note below)	34,154	41,004
	68,687	**63,462**

Note: Short-term deposits are placed for varying periods between one day to three months, depending on the immediate cash requirements of the Company.

(b) Bank balances other than cash and cash equivalents

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
In fixed deposit accounts with original maturity of less than 12 months	10,546	391
In fixed deposit accounts with original maturity of more than 12 months	8,332	2,260
Margin money deposits*	5,121	882
	23,999	**3,533**

* Represent deposits placed as cash collateral in connection with term loans.

4 Receivables

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Trade Receivables		
Undisputed trade receivables - considered good	292	235
	292	**235**
Other receivables		
Unsecured considered good	497	374
Unsecured considered doubtful	64	35
Provision for impairment on Unsecured considered doubtful	(64)	**(35)**
	497	**374**
	789	**609**

Trade receivables ageing schedule for the year ended as on 31 March 2022

(Rs. In Lakhs)

Particulars	Less than 6 Months	6 months to 1 year	1-2 years	2-3 Years	More than 3 Years	Total
Trade Receivables						
Undisputed trade receivables - considered good	292	-	-	-	-	292

Trade receivables ageing schedule for the year ended as on 31 March 2021

(Rs. In Lakhs)

Particulars	Less than 6 Months	6 months to 1 year	1-2 years	2-3 Years	More than 3 Years	Total
Trade Receivables						
Undisputed trade receivables - considered good	235	-		-	-	235

Note: NIL receivables are due form directors and other officers of the Company either severally or jointly with any other person. Nor any other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

Svatantra Microfin Private Limited
Notes to the financial statements for the year ended 31 March 2022

5 Loans

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
(A) Loans at amortised cost		
(i) Term loans (Joint liability group and individual loans)	495,574	307,492
(ii) Loans to employees	183	108
Total (A) - Gross	**495,757**	**307,600**
Less: Impairment loss allowance	24,325	12,848
Total (A) - Net	**471,433**	**294,752**
(B) Secured/unsecured		
(i) Secured by tangible assets and intangible assets	-	-
(ii) Covered by Bank / Government Guarantees	-	-
(iii) Unsecured	495,757	307,600
Total (B) - Gross	**495,757**	**307,600**
Less: Impairment loss allowance	24,325	12,849
Total (B) - Net	**471,433**	**294,752**
(C)Loans in India		
(i) Public Sector	-	-
(ii) Others	495,757	307,600
Total (C)- Gross	**495,757**	**307,600**
Less: Impairment loss allowance	24,325	12,849
Total(C)-Net	**471,433**	**294,752**

6 Other financial assets

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
At amortised cost : Unsecured, considered goods		
Retained portion on asset assigned	5,787	7,868
Less: Impairment loss allowance	344	398
	5,443	**7,470**
Security deposits	157	172
	5,600	**7,642**

7 Deferred tax assets

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred tax assets		
On account of:		
Impairment of financials instruments	5,811	3,211
Preliminary expenses	18	26
Expenses allowable on payment basis	217	202
Temporary differences of written down value of intangible assets and property, plant and equipment	151	74
Transaction costs on loans	858	555
Lease liabilities	3	3
Total deferred tax assets	**7,058**	**4,071**
Deferred Tax liabilities		
On account of:		
Transaction costs on borrowings and debt securities	842	457
Measurement gain on direct assignment	814	760
Modification (restructuring) gain on financial assets	41	21
Total deferred tax Liabilities	**1,697**	**1,238**
Net Deferred tax assets / (liabilities)	**5,361**	**2,833**

Svatantra Microfin Private Limited
Notes to the financial statements for the year ended 31 March 2022

8 Property, plant and equipment **(Rs. In Lakhs)**

Particulars	Furniture & fixtures	Computers	Office equipment's	Leasehold Improvements	Total
Gross block (at cost)					
As at 1 April 2020	352	826	358	84	1,620
Additions	57	301	106	20	485
Disposals	0	4	0	-	5
As at 31 March 2021	**409**	**1,123**	**464**	**104**	**2,100**
Additions	133	506	142	2	782
Disposals	1	32	8	-	42
As at 31 March 2022	**541**	**1,597**	**598**	**106**	**2,840**
Accumulated depreciation					
As at 1 April 2020	195	376	155	73	798
Additions	72	217	90	7	385
Disposals	-	1	0	-	1
As at 31 March 2021	**267**	**592**	**245**	**80**	**1,182**
Additions	110	381	101	7	598
Disposals	0	23	7		30
As at 31 March 2022	**377**	**950**	**339**	**87**	**1,750**
Net Block					
As at 31 March 2021	142	531	220	24	918
As at 31 March 2022	**164**	**647**	**259**	**19**	**1,090**

9 Right of use Asset **(Rs. In Lakhs)**

Particulars	Office building
Gross amount as at 1 April 2020	339
Additions	-
Deletions	-
As at 31 March 2021	**339**
Additions	288
Deletions	-
As at 31 March 2022	**627**
Accumulated depreciation	
As at 1 April 2020	113
Charge for the year	113
Deletions	-
As at 31 March 2021	**226**
Charge for the year	119
Deletions	-
As at 31 March 2022	**345**
Net block	
As at 31 March 2021	**113**
As at 31 March 2022	**282**

10 Other intangible assets **-** **(Rs. In Lakhs)**

Particulars	Computer software
Gross Block (at cost)	
As at 1 April 2020	419
Additions	66
Disposals	18
As at 31 March 2021	**467**
Additions	59
Disposals	-
As at 31 March 2022	**526**
Accumulated amortization	
As at 1 April 2020	224
Additions	76
Disposals	16
As at 31 March 2021	**284**
Additions	126
Disposals	-
As at 31 March 2022	**410**
Net Block	
As at 31 March 2021	**183**
As at 31 March 2022	**116**

11 Other non-financial assets

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good		
Prepaid expenses	1,153	665
Other advances	69	53
	1,222	**718**

12 Payables

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
(I) Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer note 40)	-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises	452	556
(II) Other payables		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer note 40)	-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises	370	1,054
	822	**1,610**

Trade payables ageing schedule for the year ended as on 31 March 2022

(Rs. In Lakhs)

Particulars	Not due	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	452	-	-	-	-	**452**
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv)Disputed dues – Others	-	-	-	-	-	-

Trade payables ageing schedule for the year ended as on 31 March 2021

(Rs. In Lakhs)

Particulars	Not due	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	556	-	-	-	-	**556**
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv)Disputed dues – Others	-	-	-	-	-	-

* The Company has NIL outstanding dues and interest payable for micro, small and medium enterprises- refer Note 40 .

13 Debt Securities **(Rs. In Lakhs)**

Particulars	As at 31 March 2022	As at 31 March 2021
At amortised cost		
Redeemable non-convertible debentures		
Secured	19,059	25,945
Unsecured	2,386	5,000
Total (A)	**21,444**	**30,945**
Debt securities in India	21,444	30,945
Debt securities outside India	-	-
Total (B) to tally with (A)	**21,444**	**30,945**

14 Borrowings (Other than Debt securities) **(Rs. In Lakhs)**

Particulars	As at 31 March 2022	As at 31 March 2021
At amortised cost		
Term loans		
Secured*		
(i) from banks	314,305	227,055
(ii) from others	101,873	31,295
Loan from PTC Investors - secured*	-	2,482
Total (A)	**416,178**	**260,831**
Borrowings in India	416,178	260,831
Borrowings outside India	-	-
Total (B) to tally with (A)	**416,178**	**260,831**

* Secured against the book debt of the company

Terms Of Principal Repayment Of Borrowings (Other than Debt securities) **(Rs. In Lakhs)**

Original maturity and rate of interest	Maturity	As at 31 March 2022		As at 31 March 2021	
		No of Instalments	Amount	No of Instalments	Amount
6.01% to 6.50%	Within 1 Year	10	6,000	1	1,875
6.51% to 8.99%	Within 1 Year	12	3,749	0	-
9.00% to 9.50%	Within 1 Year	18	3,492	5	16,000
9.51% to 10.00%	Within 1 Year	42	6,166	0	-
10.01% to 10.50%	Within 1 Year	71	7,150	0	-
10.51% to 11.00%	Within 1 Year	22	2,550	0	-
11.01% to 11.50%	Within 1 Year	106	20,184	0	-
11.51% to 12.00%	Within 1 Year	16	4,720	0	-
12.01% to 12.50%	Within 1 Year	2	2,857	0	-
12.51% to 13.00%	Within 1 Year	0	-	0	-
13.01% to 13.50%	Within 1 Year	4	92	0	-
5.01% to 5.50%	1 - 3 Years	56	25,455	33	15,000
5.51% to 8.50%	1 - 3 Years	18	2,250	0	-
8.51% to 9.00%	1 - 3 Years	85	37,000	45	12,500
9.01% to 09.50%	1 - 3 Years	232	80,737	30	30,000
9.51% to 10.00%	1 - 3 Years	226	56,205	72	7,458
10.01% to 10.50%	1 - 3 Years	399	84,221	147	15,507
10.51% to 11.00%	1 - 3 Years	37	28,919	116	33,912
11.01% to 11.50%	1 - 3 Years	50	7,922	346	75,478
11.51% to 12.00%	1 - 3 Years	48	13,649	146	31,955
12.01% to 12.50%	1 - 3 Years	0	-	0	-
13.01% to 13.50%	1 - 3 Years	0	-	52	1,146
8.51% to 9.00%	3 - 5 Years	0	-	0	-
9.00% to 9.50%	3 - 5 Years	0	-	23	1,793
9.51% to 10.00%	3 - 5 Years	39	15,749	8	495
10.01% to 10.50%	3 - 5 Years	48	9,100	6	2,495
10.51% to 11.00%	3 - 5 Years	0	-	37	4,038
11.01% to 11.50%	3 - 5 Years	0	-	0	-
11.51% to 12.00%	3 - 5 Years	0	-	12	750
12.01% to 12.50%	3 - 5 Years	0	-	4	5,714
9.51% to 10.00%	5 and above	0	-	90	3,382
10.01% to 10.50%	5 and above	0	-	18	225
Total debt Securities			**418,167**		**259,724**
Adjustments of unamortised processing fee based on EIR			(1,989)		(1,374)
Total adjusted debt securities			**416,178**		**258,350**

15 Subordinated liabilities

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
At amortised cost		
Subordinated liabilities	42,812	14,720
Total	**42,812**	**14,720**

Terms and Security of Debt Securities and Subordinated liabilities

Terms of Debentures	Number of Debentures		(Rs. In Lakhs)	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Secured				
13.50% rated, unlisted, senior, secured, redeemable, taxable, Non Convertible Debentures of face value of Rs.1,000,000 each. Redeemable at par.	600	600	3,000	5,000
10.67% rated, listed, senior, secured, redeemable, taxable, Non Convertible Debentures of face value of Rs.1,000,000 each. Redeemable at par.	500	500	1,250	5,000
11.10% rated, listed, senior, secured, redeemable, taxable, Non Convertible Debentures of face value of Rs.1,000,000 each.Redeemable at par.	-	500	-	5,000
9.2% rated, listed, senior, secured, redeemable, taxable, Non Convertible Debentures of face value of Rs.1,000,000 .Redeemable at par.	-	250	-	2,500
11.50 % rated, listed, senior, secured, redeemable, taxable, Non Convertible Debentures of face value of Rs.1,000,000 each.Redeemable at par.	150	150	1,500	1,500
13.00 % rated, secured, unsubordinated, senior, redeemable, taxable, transferable, listed, Non Convertible Debentures of face value of Rs.1,000,000 each.Redeemable at par.	100	100	1,000	1,000
12.5% rated, listed, senior, secured, redeemable, taxable, Non Convertible Debentures of face value of Rs.1,000,000 each.Redeemable at par.	150	150	1,500	1,500
11.5% rated, secured, senior, redeemable, taxable, transferrable, listed, Non Convertible Debentures of face value of Rs.1,000,000 each.Redeemable at par.	200	200	2,000	2,000
11.35% rated, listed, senior, secured, redeemable, taxable, Non Convertible Debentures of face value of Rs.1,000,000 each.Redeemable at par.	250	250	2,500	2,500
10.95% rated, listed, senior, secured, redeemable, taxable, transferable Non Convertible Debentures of face value of Rs.1,000,000 each.Redeemable at par.	700	-	6,364	-
Nature of security The above non-convertible debentures ("NCD") are secured by way of a first ranking exclusive and continuing charge over the book debts / loan receivables of the Company.				

Svatantra Microfin Private Limited
Notes to the financial statements for the year ended 31 March 2022

Terms of Debentures	Number of Debentures		(Rs. In Lakhs)	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Unsecured				
12.00 % rated, listed, unsecured, unsubordinated, senior, redeemable, taxable, transferrable, Non Convertible Debentures of face value of Rs.1,000,000 each.Redeemable at par.	500	500	2,500	5,000
11.70% unsecured, subordinated, fully paid up, rated, unlisted, taxable, transferable, redeemable, non-convertible debentures of Rs.1,000,000 each. Redeemable at par.	750	750	7,500	7,500
13.75% unsecured, subordinated, fully paid up,rated, unlisted, taxable, transferable, redeemable, non-convertible debentures of Rs.10 each.Redeemable at par.	15,000,000	15,000,000	1,500	1,500
12.90% rated, listed, unsecured, taxable, redeemable, subordinated, transferrable, Non Convertible Debentures of face value of Rs.1,000,000 each.Redeemable at par.	600	600	6,000	6,000
11.77% unsecured, subordinated, fully paid up,rated, unlisted, taxable, transferable, redeemable, non-convertible debentures of Rs.1000000 each.Redeemable at par.	1,250	-	12,500	-
11.77% unsecured, subordinated, fully paid up,rated, unlisted, taxable, transferable, redeemable, non-convertible debentures of Rs.1000000 each.Redeemable at par.	900	-	9,000	-
11.77% unsecured, subordinated, fully paid up,rated, unlisted, taxable, transferable, redeemable, non-convertible debentures of Rs.1000000 each.Redeemable at par.	750	-	7,500	-
Total Debt securities			**65,614**	**46,000**
Adjustments of unamortised processing fee based on EIR basis			**(1,358)**	**(335)**
Total adjusted Debt securities			**64,256**	**45,665**

Terms of Principal Repayment of Debt Securities and Subordinated Liabilities **(Rs. In Lakhs)**

Original maturity and rate of interest	As at 31 March 2022		As at 31 March 2021	
	No of Instalments	Amount	No of Instalments	Amount
Quarterly				
10.51% to 11.00%	-	-	3	3,750
11.51% to 12.00%	-	-	8	2,500
10.51% to 11.00%	11	7,614	1	1,250
11.51% to 12.00%	-	-	8	2,500
12.00% to 12.50%	4	2,500		-
Half Yearly				
12.01% to 12.50%	-	-	2	2,000
12.01% to 12.50%	-	-	3	3,000
12.51% to 13.50%	3	3,000		-
Bullet				
9.00% to 9.50%	-	-	1	2,500
11.01% to 11.50%	-	-	1	5,000
11.01% to 11.50%	3	6,000	3	6,000
11.51% to 12.00%	-	-	1	7,500
12.01% to 12.50%	-	-	1	1,500
12.51% to 13.00%	3	8,500	1	1,000
11.51% to 12.00%	1	7,500		-
13.51% to 14.00%	-	-	1	1,500
11.51% to 12.00%	3	29,000		-
12.51% to 13.00%	-	-	2	6,000
13.51% to 14.00%	1	1,500		-
Total debt Securities		**65,614**		**46,000**
Adjustments of unamortised processing fee based on EIR		(1,358)		(335)
Total adjusted debt securities		**64,256**		**45,665**

Svatantra Microfin Private Limited
Notes to the financial statements for the year ended 31 March 2022

16 Other financial liabilities

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Interest accrued but not due on borrowings	2,705	2,733
Lease liabilities	272	124
Employee benefits payable	578	385
Payable towards securitised and assigned portfolio	5,949	5,020
Other payables	2	56
	9,506	**8,318**

17 Provisions:

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits		
Gratuity	260	286
Leave encashment (unfunded)	603	402
Phantom stock	11	48
	874	**736**

18 Other non-financial liabilities

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory dues	423	368
	423	**368**

19 (a) Share Capital

(i) Details of authorised, issued, subscribed and paid up share capital **(Rs. In Lakhs)**

Particulars	As at 31 March 2022		As at 31 March 2021	
	Numbers of shares	Amount	Numbers of shares	Amount
Authorized:				
Equity shares of Rs. 10 each	755,000,000	75,500	755,000,000	75,500
Preference shares of Rs. 100 each	80,000,000	80,000	30,000,000	30,000
		155,500		**105,500**
Issued, subscribed and paid-up:				
Equity shares of Rs. 10 each fully paid up	252,046,875	25,205	252,046,875	25,205
5% Compulsorily Convertible Non-Cumulative Preference Shares Rs. 100 each fully paid up	50,500,000	50,500	25,500,000	25,500
		75,705		**50,705**

(ii) Rights, preferences and restrictions attached to equity shares

The Company has equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shareholders holding more than 5% equity shares in the Company on reporting date:

Name of the shareholder	As at 31 March 2022		As at 31 March 2021	
	Numbers of shares	Percentage of shareholding	Numbers of shares	Percentage of shareholding
Ms. Ananyashree Birla	207,846,874	82.46%	207,846,874	82.46%
Svatantra Holdings Private Limited	40,000,000	15.87%	40,000,000	15.87%
Total	**247,846,874**	**98.33%**	**247,846,874**	**98.33%**

Shares held by promoters at the end of the year:

Name of the promoters	Numbers of shares	Percentage of shareholding	% Change during the year
Ms. Ananyashree Birla	207,846,874	82.46%	-
Total	**207,846,874**	82.46%	

The reconciliation of the number of equity shares outstanding:

Particulars	As at 31 March 2022	As at 31 March 2021
Shares at the beginning of the year	252,046,875	252,046,875
Add :Shares issued during the year	-	-
Shares at the end of the year	**252,046,875**	**252,046,875**

(iii) Instruments entirely equity in nature **(Rs. In Lakhs)**

Particulars	As at 31 March 2022	As at 31 March 2021
5% Compulsorily Convertible Non-Cumulative Preference Shares*	50,500	25,500

* Shares held by Svatantra Holdings Private Limited.

Right, preferences and restrictions attached to 5% Compulsorily Convertible Non-Cumulative Preference Shares

The Compulsorily Convertible Non-Cumulative Preference Shares (CCPS) shall carry a fixed rate of dividend of 5% (Five Percent) on the capital paid up thereon calculated on a proportionate basis from the date of allotment. The CCPS shall be compulsorily convertible into Equity Shares on expiry of 10 years from date of allotment and shall be non-cumulative. The CCPS shall rank pari passu in all respects, subject to the provisions of the Memorandum and Articles of Association of the Company and that the CCPS shall qualify for dividend, if any, declared by the Company for the current year on a pro rata basis from the date of allotment.

(iv) Shares issued for consideration other than cash

The Company has not issued / allotted any shares pursuant to contracts without payment being received in cash, nor issued any bonus shares nor there has been any buy back of shares during five years immediately preceding 31 March 2022.

(v) Shares reserved for issue under options

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company (refer note 41)

(b) Other equity **(Rs. In Lakhs)**

Particulars	Refer note	As at 31 March 2022	As at 31 March 2021
Securities premium	**19.2**	4	4
Statutory reserve in terms of section 45 - IC of the RBI Act	**19.3**	2,583	1,645
Impairment reserve	**19.4**	235	235
Retained earnings	**19.5**	7,809	4,061
Employee stock option plan reserve	**19.6**	140	104
Capital reserve on derecognition of compulsorily convertible non-cumulative preference shares	**19.7**	442	442
		11,213	**6,493**

(Rs. In Lakhs)

19.1

Particulars	As at 31 March 2022	As at 31 March 2021
Securities premium		
Opening balance	4	4
Closing balance	**4**	**4**
Statutory reserve In terms of Section 45 - IC of the RBI Act		
Opening balance	1,645	1,104
Add: Current year transfer	938	541
Closing balance	**2,583**	**1,645**
Impairment reserve		
Opening balance	235	235
Add: Current year transfer	-	-
Closing balance	**235**	**235**
Retained earnings		
Opening balance	4,061	1,904
Add: Transferred from statement of profit and loss	4,727	2,708
Less: Transfer to statutory reserves	(938)	(542)
Less: Transfer to Impairment reserves	-	-
Less: Share issue expenses (net of tax)	-	-
Items of other comprehensive income recognised directly in retained earnings		
Add: Other comprehensive (loss) / income for the year	(42)	(9)
Closing balance	**7,809**	**4,061**
Employee stock option plan reserve		
Opening balance	104	49
Add: Compensation for options granted	36	55
Exercise & lapse of stock options	-	-
Closing balance	**140**	**104**
Capital reserve		
Opening balance	442	-
Add: Current year transfer	-	442
Closing balance	**442**	**442**
	11,213	**6,493**

19.2 Securities premium is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc.

19.3 Statutory reserve represents the reserve created pursuant to the Reserve Bank of India Act, 1934 ("the RBI Act"). In terms of Section 45 - IC of the RBI Act, a Non-Banking Finance Company is required to transfer an amount not less than 20% of its net profit to a reserve fund before declaring any dividend. Appropriation from this reserve fund is permitted only for the purpose specified by the RBI.

19.4 Impairment Reserves as per RBI notification

As per DOR (NBFC).CC.PD.No.109/22.10.106/2019-20, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs/ARCs shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserves'. The balance in the 'Impairment Reserves' shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserves without prior permission from the Department of Supervision, RBI.

19.5 Retained earnings

Retained earnings pertain to the accumulated earnings / losses made by the Company over the years.

19.6 Employee stock option plan reserve

The Company has an employee stock option scheme under which the option to subscribe for the companies share have been granted to the key employees and directors. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to the key employees as part of their remuneration. Refer to note 41 for further details of the scheme.

19.7 Capital reserve

Capital reserve represents gain on derecognition of compulsorily convertible non-cumulative preference shares.

20 Interest income

(Rs. In Lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
On financial assets measured at amortised cost		
Interest on loans	66,970	44,961
Interest on deposits with banks	987	844
Interest on employee loans	17	7
Total	**67,974**	**45,812**

21 Fees and commission income

(Rs. In Lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Income from commission	1,966	1,026
Total	**1,966**	**1,026**

22 Net gain on fair value changes

(Rs. In Lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Net gain on financial instruments at fair value through profit or loss		
- Investments in mutual funds	638	242
	638	**242**
Total net gain on fair value changes		
Fair Value changes:		
-Realised	638	242
-Unrealised	-	-
Total	**638**	**242**

23 Other income

(Rs. In Lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Recovery against loans written off	8	8
Modification (restructuring) gain on financial assets	296	145
Miscellaneous income	786	160
Total	**1,090**	**313**

24 Finance costs **(Rs. In Lakhs)**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
On financial liabilities measured at amortised costs		
Interest		
On borrowings (other than debt securities)	29,057	21,945
On debt securities	2,734	1,889
On Subordinated liabilities	3,402	1,817
On lease liabilities	9	20
On securitised portfolio	-	828
Other borrowing costs	2,414	1,247
Total	**37,616**	**27,746**

25 Impairment on financial instruments and written-off **(Rs. In Lakhs)**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
On financial assets measured at amortised cost		
Loans		
Impairment on loan portfolio	11,422	7,763
Loan portfolio written-off	2,842	-
Other balance written-off	157	113
Impairment on other asset	28	-
Total	**14,449**	**7,876**

26 Employee benefits expenses **(Rs. In Lakhs)**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries and allowances	14,988	10,234
Contribution to provident and other funds	1,157	816
Expenses on employee stock option plan	35	55
Staff welfare expenses	1,259	799
Total	**17,439**	**11,904**

27 Depreciation and amortisation **(Rs. In Lakhs)**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation of plant, property and equipment	598	385
Depreciation of right of use assets	119	113
Amortisation of intangible asset	126	76
Total	**843**	**574**

28 Other expenses **(Rs. In Lakhs)**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Advertisement expenses	14	3
Rates and taxes	44	147
Rent	866	619
Communication expenses	325	230
Travelling and conveyance expenses	1,747	991
Training expenses	139	107
Recruitment expenses	2	1
Insurance expenses	19	20
Printing and stationery	283	129
Legal and professional fees	360	395
Website development expenses	17	15
Electricity and water expenses	146	109
Membership and subscription	86	52
Repairs and maintenance	935	507
Loss on sale of intangible assets and property, plant and equipment	1	0
Fixed assets written off	5	-
Cash management charges (CMS)	1,028	567
Expenses on Corporate social responsibility	73	39
Bank charges	44	53
Auditors' remuneration		
- Audit fees	25	28
- Tax audit fees	-	3
- For other services	5	18
Other expenditure	244	182
Total	**6,408**	**4,215**

29 Contingent liabilities and commitments

a) Contingent liabilities:

Contingent liability relating to determination of provident fund liability, based on a Supreme Court judgement, is not determinable at present, due to uncertainty on the impact of the judgement in absence of further clarification relating to applicability. The Company will continue to assess any further developments in this matter for their implications on financial statements, if any, which, based on the number of employees, is not expected to be significant.

b) Capital and other commitments:

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	43	88
Total	**43**	**88**

30 Tax expense

(Rs. In Lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax expense		
Current tax for the year	4,110	2,874
Total	**4,110**	**2,874**
Deferred taxes liabilities / (assets)		
Relating to origination and reversal of temporary differences	(2,528)	(1,898)
Net deferred tax expense	**(2,528)**	**(1,898)**
Total income tax expense	**1,582**	**976**

30.1 Tax reconciliation

(Rs. In Lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before income tax expense	6,309	3,684
Statutory income tax rate	25.168%	25.168%
Tax at statutory income tax rate	1,588	927
Tax effect of amounts which are not deductible / not taxable in calculating taxable income		
Tax impact on expenses which is non deductible	18	117
Tax impact on additional deduction	(128)	(68)
Others	103	-
Income tax expense	**1,582**	**976**

Svatantra Microfin Private Limited
Notes to the financial statements for the year ended 31 March 2022

30.2 Deferred tax movement related to the following:

1 April 2021 to 31 March 2022

(Rs. In Lakhs)

Particulars	Balance as at 1, April 2021	(Charge)/ Credit in Profit & Loss	Recognised in OCI	Recognised in Other Equity	Balance as at 31 March 2022
Deferred tax asset on account of:					
Impairment of financials instruments	3,211	2,600	-	-	5,811
Preliminary expenses	26	(8)	-	-	18
Expenses allowable on payment basis	202	1	14	-	217
Temporary differences of written down value of intangible assets and property, plant and equipment	74	77	-	-	151
Transaction costs on loans	555	303	-	-	858
Lease liabilities	3	0	-	-	3
	4,071	**2,973**	**14**	**-**	**7,058**
Deferred tax liability on account of:					
Transaction cost on borrowings and debt securities	457	385	-	-	842
Measurement gain on direct assignment	760	54	-	-	814
Modification (restructuring) gain on financial assets	21	20	-	-	41
	1,238	**459**	**-**	**-**	**1,697**
	2,833	**2,514**	**14**	**-**	**5,361**

1 April 2020 to 31 March 2021

(Rs. In Lakhs)

Particulars	Balance as at 1, April 2020	(Charge)/ Credit in Profit & Loss	Recognised in OCI	Recognised in Other Equity	Balance as at 31 March 2021
Deferred tax asset on account of:					
Impairment of financials instruments	1,433	1,778	-	-	3,211
Preliminary expenses	41	(15)	-	-	26
Expenses allowable on payment basis	109	90	3	-	202
Temporary differences of written down value of intangible assets and property, plant and equipment	42	32	-	-	74
Transaction costs on loans	517	38	-	-	555
Lease liabilities	3	0	-	-	3
Finance charges on compulsory convertible preference shares	8	(8)	-	-	-
	2,154	**1,914**	**3**	**-**	**4,071**
Deferred tax liability on account of:					
Transaction cost on borrowings and debt securities	303	154	-	-	457
Measurement gain on direct assignment	919	(159)	-	-	760
Modification (restructuring) gain on financial assets	-	21	-	-	21
	1,222	**16**	**-**	**-**	**1,238**
	932	**1,898**	**3**	**-**	**2,833**

31 Earnings per share **(Rs. In Lakhs)**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Net profit attributable to equity shareholders	4,727	2,708
Add : Interest on liability component of compound financial instrument charged to statement of profit and loss	-	-
Adjusted net profit attributable to equity shareholders	4,727	2,708
Weighted average number of equity shares outstanding for basic and diluted earnings per share*	534,569,615	344,158,108
Earnings per share		
Basic earning per share (₹)	0.88	0.79
Diluted earning per share (₹)#	0.88	0.79
Nominal value per share (₹)	10	10

* Weighted average number of equity shares outstanding includes non cumulative compulsorily convertible preference shares.

Employee stock option plans are not considered for calculation of diluted weighted average number of equity shares as its effect would have been anti-dilutive.

32 Related party disclosures

Related party disclosures as required under Indian Accounting standard 24, " Related party disclosure" are given below.

32.1 List of related parties

Nature of relationship	Name of related party
Key Managerial Personnel (KMP)	Kumar Mangalam Birla (Director)
	Neerja Birla (Director)
	Ananyashree Birla (Director)
	Shankar Girija Natarajan (Independent Director) (w.e.f. 28 March 2022)
	Meena Jagtiani (Independent Director) (w.e.f. 28 March 2022)
	Vineet Bijendra Chattree (Director)
	Anujeet Varadkar (Chief Executive Officer)
	Vrushali Vishal Mahajan (Chief Financial Officer)
	Surinder Kumar Bhatia (Company Secretary)
Other Related Parties	Svatantra Holdings Private Limited
(Parties on which KMP's of the Company are able to exercise control)	Vodafone Idea Limited (up to 04 August 2021)
	Svatantra Microfin Employee Gratuity Fund
	Aditya Marketing and Manufacturing Pvt. Ltd
	Aditya Birla Education Trust

32.2 Transactions during the year with related parties : **(Rs. In Lakhs)**

Transactions with	Nature of transactions	For the year ended 31 March 2022	For the year ended 31 March 2021
Svatantra Holding Private Limited	Compulsorily convertible preference shares	25,000	17,500
Vodafone Idea Limited (arm length price)	Services received	5	23
Aditya Marketing and Manufacturing Pvt. Ltd	Loan and advances	2,956	-
Aditya Birla Education Trust *	CSR Project	21	-
Anujeet Varadkar	Remuneration	68	53
Vrushali Vishal Mahajan	Remuneration	66	45
Surinder Kumar Bhatia	Remuneration	37	28

*Identified as Ongoing CSR Project and Memorandum of understanding has been entered (refer note 45)

Note:

1.The Company maintains gratuity trust for the purpose of administering the gratuity payment to its employees (Svatantra Microfin Employee Gratuity Fund).

2.Employee benefits in relation to gratuity are calculated at the Company level and hence not considered in above disclosure.

32.3 Closing balances : **(Rs. In Lakhs)**

Transactions with	As at 31 March 2022	As at 31 March 2021
Svatantra Holdings Private Limited (Compulsorily Convertible Non-Cumulative Preference Shares)	50,500	25,500

33 Capital management risk

The Company's objective for capital management is to maximize shareholders' value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flows generated.

As an NBFC-MFI, the RBI requires us to maintain a minimum capital to risk weighted assets ratio (""CRAR"") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

The Company has a board approved policy on resource planning which states that the resource planning of the Company shall be based on its Asset Liability Management (ALM) requirement. The policy of the Company on resource planning will also cover the objectives of the regulatory requirement. The policy prescribes the sources of funds, threshold for mix from various sources, tenure, manner of raising the funds etc.

Regulatory capital **(Rs. In Lakhs)**

Particulars	As at 31 March 2022	As at 31 March 2021
Tier I Capital	80,008	52,622
Tier II Capital	41,018	13,318
Tier I + Tier II Capital	**121,026**	**65,940**
Risk weighted assets	471,881	299,399
Tier I CARR	16.96%	17.43%
Tier II CARR	8.69%	4.45%
Total CARR	**25.65%**	**21.88%**

The Company has complied in full with all its externally imposed capital requirements over the reported period.

Loan covenants
In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets the financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breach in meeting these financial covenants would permit the bank to immediately call loans and borrowings. There have been no substantive breaches in the financial covenants of any borrowing in the current period. Loan covenants mainly include minimum CRAR of 15%.

34 Fair value measurement

34.1 Financial instruments by category **(Rs. In Lakhs)**

Particulars	Category	As at 31 March 2022	As at 31 March 2021
Financial assets:			
Cash and cash equivalents	Amortized cost	68,687	63,462
Bank balances other than cash and cash equivalents	Amortized cost	23,999	3,533
Trade receivables	Amortized cost	292	235
Other receivables	Amortized cost	497	374
Loans	Amortized cost	471,433	294,752
Other financial assets	Amortized cost	5,600	7,642
Total financial assets		**570,508**	**369,998**
Financial liabilities:			
Trade and other payables	Amortized cost	822	1,610
Debt securities	Amortized cost	21,444	30,945
Borrowings (other than debt securities)	Amortized cost	416,178	260,831
Subordinated liabilities	Amortized cost	42,812	14,720
Lease liabilities	Amortized cost	272	124
Other financial liabilities (excluding lease liabilities)	Amortized cost	9,234	8,194
Total financial liabilities		**490,762**	**316,424**

34.2 Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian Accounting standard. These three levels are defined based on the observability of significant inputs to the measurement, as follows.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. For example, listed equity instruments that have quoted market price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the- counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

34.3 Financial assets and liabilities measured at amortized cost at each reporting date

The carrying value of cash and cash equivalents, other bank balances, other financial assets, trade payables and other payables and other financial liabilities are considered to be approximately equal to the fair value due to their short term maturities.

(Rs. In Lakhs)

Particulars	**As at 31 March 2022**		**As at 31 March 2021**	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Financial assets measured at amortized cost				
Cash and cash equivalents	68,687	68,687	63,462	63,462
Bank balances other than cash and cash equivalents	23,999	23,999	3,533	3,533
Trade receivables	292	292	235	235
Other receivables	497	497	374	374
Loans	471,433	495,757	294,752	307,203
Other financial assets	5,600	5,600	7,642	7,642
Total financial assets	**570,508**	**594,832**	**369,998**	**382,449**
Financial liabilities measured at amortized cost				
Trade payables	822	822	1,610	1,610
Debt securities	21,444	21,614	30,945	31,000
Borrowings (other than debt securities)	416,178	418,167	260,831	262,205
Subordinated liabilities	42,812	44,000	14,720	15,000
Other financial liabilities	9,506	9,506	8,318	8,318
Total financial liabilities	**490,762**	**494,108**	**316,424**	**318,133**

i) Loans - Fair value is determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans.

ii) Borrowings - All the borrowing taken are at floating rate except few which are on fixed rate of interest and hence, its fair value are deemed to be equivalent to the carrying value adjusted with un-amortize transaction cost. Fair value of fixed loans are determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans.

iii) Debt securities and lease liabilities - The fair value of debt securities are determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans.

During the periods mentioned above, there have been no transfers amongst the levels of hierarchy.

34.4 Transfer of financial assets

(i) Securitisation Transaction:

During the year ended 31 March 2020, the Company had entered into securitisation arrangement. Under such arrangement, the Company has transferred a pool of loans, which did not fulfil the derecognition criteria specified under Ind AS 109 as the Company had concluded that risk and rewards with respect to these assets are not substantially transferred. Following such transfer, the Company's involvement in these assets is as follows:

- As a servicer of the transferred assets

- To the extent of credit enhancements provided to such parties

The value of Financial assets and liabilities as on :- **(Rs. In Lakhs)**

Particulars	As at 31 March 2022	As at 31 March 2021
Carrying amount of assets	-	4,465
Carrying amount of associated liabilities	-	2,654
Fair value of assets	-	4,475
Fair value of associated liabilities	-	2,654

(ii) Assignment Transaction:

The Company has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of deal and since the derecognition criteria as per Ind AS 109, including transaction of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised.

The management has evaluated the impact of the assignment transactions done during the year for its business model. Based on the future business plan, the Company's business model remains to hold the assets for collecting contractual cash flows.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognised assets :-

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Carrying amount of derecognised financial assets	58,257	53,706
Gain/(loss) for the year	11,396	8,606

Since the Company transferred the above financial asset in a way that qualified for derecognition in its entirety, therefore the whole of the interest spread (over the expected life of the asset) is recognised on the date of derecognition itself as interest only strip receivable and correspondingly recognised as profit on derecognition of financial asset.

35 Financial Risk Management

The Company is exposed to certain financial risks namely credit risk, liquidity risk and market risk i.e. interest risk, foreign currency risk and price risk. The Company's primary focus is to achieve better predictability of financial markets and minimize potential adverse effects on its financial performance by effectively managing the risks on its financial assets and liabilities.

The Principal objective in Company's risk management processes is to measure and monitor the various risks associated with the Company's and to follow policies and procedures to address such risks. The Company 's risk management framework is driven by its Board and its sub-committees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee. The Company gives due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of a customer's business and residence and major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

A Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities –debt securities, borrowing, trade payables and other financial liabilities. The Company manages liquidity risk by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The tables below summarizes the maturity profile of the undiscounted cash flows of the Company's financial liabilities:

As at 31 March 2022 **(Rs. In Lakhs)**

Particulars	Within 1 year	1 - 5 years	5 - 10 years	Beyond 10 years	Total
Trade and other payables	789	-	-	-	789
Debt securities	10,451	14,359	-	-	24,810
Borrowings (other than debt securities)	251,208	212,760	-	-	463,968
Subordinated liabilities	5,271	33,746	31,309	-	70,326
Other financial liabilities	9,233	-	-	-	9,233
Lease liabilities	272	-	-	-	272
Total	**277,224**	**260,865**	**31,309**	**-**	**569,398**

As at 31 March 2021 **(Rs. In Lakhs)**

Particulars	Within 1 year	1 - 5 years	5 - 10 years	Beyond 10 years	Total
Trade and other payables	1,610	-	-	-	1,610
Debt securities	19,668	17,673	-	-	37,341
Borrowings (other than debt securities)	171,863	116,524	383	-	288,770
Subordinated liabilities	1,858	15,554	6,390		23,802
Other financial liabilities	8,194	-	-	-	8,194
Lease liabilities	131	-	-	-	131
Total	**203,324**	**149,751**	**6,773**	**-**	**359,848**

B Market risk

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company is not exposed to foreign currency exposure.

(ii) Interest rate risk

The Company is subject to interest rate risk, since the rates of borrowing might fluctuate over the tenure of instrument. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the Company seek to optimize borrowing profile between short-term and long-term loans. The liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks. Loans given to customers are at fixed rate of interest.

Details of loans and borrowings

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Borrowings and debt securities*		
Borrowings (variable)	247,316	228,356
Borrowings (fixed rate)	236,465	75,659
Total borrowings	**483,781**	**304,015**

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in variable interest rates (all other variables being constant) of the Company's Statement of profit and loss:

(Rs. In Lakhs)

Interest rate sensitivity*	Impact on profit before tax	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Borrowings		
Increase by 50 basis points	(1,237)	(1,142)
Decrease by 50 basis points	1,237	1,142

** Holding all other variables as constant*

(iii) Price risk

Exposure
The Company's exposure price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit and loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets. The Company do not have any investment as on balance sheet date either at fair value through other comprehensive income or at fair value through profit and loss.

C Credit risk
Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, investments, loan assets and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

Credit risk management

Credit quality of assets

Credit risk is the single largest risk for the Company's business. Management therefore carefully manages its exposure to credit risk. A centralized risk management function oversees the risk management framework, which periodically presents an overview of credit risk of portfolio to the Risk Management Committee.

Credit-worthiness is checked and documented prior to signing any contracts, based on market information. Management endeavours to improve its underwriting standards to reduce the credit risk the Company is exposed to from time to time.

Expected Credit loss (ECL):
Credit Quality of Loans assets:

The following table sets out information about credit quality of loans measured at amortized cost based on days past due information. The amount represents gross carrying amount.

(Rs. In Lakhs)

Particulars	31 March 2022	31 March 2021
Gross carrying value		
Stage 1	470,793	294,178
Stage 2	8,188	7,293
Stage 3	16,776	6,129
Total Gross carrying value as at reporting date	**495,757**	**307,600**

Management of credit risk for financial assets
Cash and cash equivalents and bank deposits
Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated deposits from banks and financial institutions across the country.

Other financial assets measured at amortized cost
Other financial assets measured at amortized cost includes loans and advances to employees security deposits insurance claim receivables and other recoverable. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

Loans

The Company is a rural focused NBFC-MFI with a geographically diversified presence in India and offer income generation loans under the joint liability group model, predominantly to women from low-income households in Rural Areas. Further, as we focus on providing micro-loans in Rural Areas, our results of operations are affected by the performance and the future growth potential of microfinance in rural India. Our clients typically have limited sources of income, savings and credit histories and our loans are typically provided free of collateral. Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. In addition, we rely on non-traditional guarantee mechanisms rather than tangible assets as collateral, which may not be effective in recovering the value of our loans.

In order to mitigate the impact of credit risk in the future profitability, the Company creates impairment loss allowance basis the expected credit loss (ECL) model for the outstanding loans as at balance sheet date.The Company has restructured or rescheduled in the terms of the certain loan accounts in the current year on account of COVID-19 related restructuring measures prescribed by the Reserve Bank of India. This has resulted in increased management estimation over determination of losses for such restructured loans.

Inputs considered in the ECL model
Definition of default

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due. Non-payment on another obligation of the same customer is also considered as a stage III.

Exposure at default (EAD)

The EAD represents expected outstanding exposure subject to credit risk at the period/date, when default is considered. The Company does cash flow mapping based on contractual maturity for loans in Stage II, using the exposure at default in future years and the probability of default estimation based on macro variables. For stage I and stage III, as an approximation balance sheet outstanding is used.

Loss given default (LGD)

It is defined as the percentage risk of exposure that is not expected to be recovered in the event of default.
Based on an analysis of historical data, the Company has estimated the loss given default, using historical recovery experience and recovery cost. This is referred to as the workout method. Such recoveries are discounted using interest rate of the loans. While calculating LGD percentage, 100% recoveries are estimated for the cases where the recoveries are absolutely certain to happen within a short period of time.

Probability of Default (PD)

"Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 asset's a lifetime PD is required while Stage 3 assets are considered to have a 100% PD. Historical DPD data is utilized to calculate through the cycle PD. PD analysis tracks the migration behaviour of a static pool of loans active at the end of each year across different buckets- Current-30 DPD, 31-90 DPD and 90+ DPD for the 12 month and lifetime period.

Forward looking information

Forward looking information is incorporated in the measurement of probability of default and consequently in measurement of ECL. Based on the consideration of a variety of external actual and forecast information, the Company forms a ‘base case’ view of the future direction of GDP growth rate as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.
Further, in the global pandemic Covid 19, management overlays are applied in determining forward looking scenarios. It is considered by evaluating all relevant internal and reasonably available external data namely Industrial research by various credit rating agencies.

Significant increase in credit risk

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the loan exposure. However, unless identified at an earlier stage, the Company have determined all assets are deemed to have suffered a significant increase in credit risk when 30 days past due.

Policy for write off of Loan Assets

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Company determines that the debtor does not have sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Any recoveries made are recognized in Statement of Profit or Loss.

Credit Risk exposure

i) Expected credit losses for financial assets other than loans **(Rs. In Lakhs)**

As at 31 March 2022	**Estimated gross carrying amount at default**	**Expected credit losses**	**Carrying amount net of impairment provision**
Cash and cash equivalents	68,687	-	68,687
Bank balances other than cash and cash	23,999	-	23,999
Trade receivables	292	-	292
Other receivables	561	64	497
Other financial assets	5,944	344	5,600

(Rs. In Lakhs)

As at 31 March 2021	**Estimated gross carrying amount at default**	**Expected credit losses**	**Carrying amount net of impairment provision**
Cash and cash equivalents	63,462	-	63,462
Bank balances other than cash and cash	3,533	-	3,533
Trade receivables	235	-	235
Other receivables	409	35	374
Other financial assets	8,040	398	7,642

ii) Expected credit loss for loans
Changes in the gross carrying amount and the corresponding ECL allowances in relation to loans from beginning to end of reporting period:

(Rs. In Lakhs)

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount as at March 31 2020	**209,860**	**166**	**2,581**
Assets originated	182,007	647	564
Net transfer between stages			
Transfer to stage 1	1	(1)	-
Transfer to stage 2	(6,569)	6,730	(161)
Transfer to stage 3	(3,030)	(177)	3,208
Assets derecognized or collected (excluding write offs)	(88,090)	(71)	(62)
Gross carrying amount as at March 31 2021	**294,179**	**7,293**	**6,129**
Assets originated	437,067	1,766	581
Net transfer between stages			
Transfer to stage 1	73	(69)	(3)
Transfer to stage 2	(6,439)	6,443	(4)
Transfer to stage 3	(12,174)	(1,455)	13,629
Assets derecognized or collected (excluding write offs)	(241,912)	(5,789)	(715)
Write-Off	-	-	(2,841)
Gross carrying amount as at March 31 2022	**470,793**	**8,188**	**16,776**

Reconciliation of loss allowance provision from beginning to end of reporting period:

Particulars	Stage 1	Stage 2	Stage 3
Loss allowance as on March 31 2020	**4,286**	**112**	**1,174**
Assets originated	6,803	395	246
Net transfer between stages			
Transfer to stage 1	0	0	0
Transfer to stage 2	(3,439)	3,439	0
Transfer to stage 3	(1,627)	(95)	1,723
Assets derecognized or collected (excluding write offs)	(126)	(25)	(16)
Loss allowance as on March 31 2021	**5,897**	**3,825**	**3,127**
Assets originated	(63)	2,682	9,811
Net transfer between stages			
Transfer to stage 1	141	(131)	(9)
Transfer to stage 2	(118)	124	(5)
Transfer to stage 3	(154)	(1,107)	1,262
Assets derecognized or collected (excluding write offs)	4,479	(906)	(3,001)
Write-Off	-	-	(1,526)
Gross carrying amount as at March 31 2022	**10,181**	**4,486**	**9,657**

Concentration of loans **Amount Rs. in lakhs**

Concentration by type of loan	As at 31 March 2022	As at 31 March 2021
Term loans (JLG and Individual loans)	501,545	315,360
Employee loans	183	108
Gross carrying Amount	**501,728**	**315,468**

36 Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The outbreak of COVID-19 pandemic across the globe including the current second wave witnessed across the country has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India (RBI) had issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020, 17 April 2020 and 23 May 2020 and in accordance therewith, the Company basis its Board approved policy has offered moratorium on the payment of EMI's falling due between 01 March 2020 and 31 August 2020 to its eligible borrowers. For all such accounts where the moratorium was granted, the asset classification remained standstill during the moratorium period. Thereafter, the assets are being classified as per the extant RBI instructions / IRAC norms.

The Company had analysed its portfolio based on various parameters to ascertain the impact of Covid-19 and basis of its estimates, assumptions and judgments had recognised an additional ECL provision of Rs. 2,500 lakhs as of 31 March 2021.

37 Retirement benefit plans

(A) Defined benefit obligation

The Company has the following defined benefits plans:

Particulars
Gratuity (funded)

As per Ind AS-19 'Employee Benefits', the disclosure of Employee benefits as defined in the Standard are given below:

In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity based on the following assumptions:

	Particulars	As at 31 March 2022	As at 31 March 2021
37.1	**Actuarial assumptions**		
	Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14
	Discount rate (per annum)	5.90%	5.50%
	Rate of salary increase	7.00%	7.00%
	Withdrawal based on age per annum (Rate of employee turnover)		
	Upto 30 years	25.00%	26.00%
	31 - 44 years	25.00%	26.00%
	Above 44 years	25.00%	26.00%

(Rs. In Lakhs)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
37.2	**Changes in the present value of defined benefit obligation**		
	Present value of obligation at the beginning of the year	349	204
	Interest expense	18	11
	Current service cost	190	124
	Past service cost		-
	Benefit paid	(6)	(2)
		8	(6)
	Actuarial (gains) / losses on obligations - due to change in demographic assumptions		
	Actuarial (gains) / losses on obligations - due to change in financial assumptions	(21)	6
	Actuarial (gains) / losses on obligations - due to experience	70	12
	Present value of obligation at the end of the year	**608**	**349**

(Rs. In Lakhs)

	Particulars	As at 31 March 2022	As at 31 March 2021
37.3	**Assets and liabilities recognized in the balance sheet**		
	Present value of the defined benefit obligation at the end of the year	608	349
	Fair value of plan assets at the end of the year	349	63
	Net liability / (asset) recognized in the balance sheet	**260**	**286**

(Rs. In Lakhs)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
37.4	**Changes in the fair value of plan assets**		
	Fair value of plan assets as at the beginning	63	61
	Investment income	3	3
	Benefit paid	(5)	(2)
	Return on plan assets , excluding amount recognised in net interest expense	1	0.04
	Employer's Contribution	287	-
	Fair value of plan assets as at the year end	349	63

(Rs. In Lakhs)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
37.5	**Reconciliation of net asset / (liability) recognized:**		
	Opening Net Liability	286	143
	Expenses recognized in statement of profit and loss	205	131
	Amount recognized in other comprehensive income	56	12
	Benefit paid by the Company	(1)	-
	Net liability/(asset) recognized in the balance sheet	**546**	**286**

(Rs. In Lakhs)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
37.6	**Expenses recognized in the statement of profit and loss**		
	Current service cost	190	124
	Net interest cost	15	8
	Net gratuity cost recognized in the current year	**205**	**131**

(Rs. In Lakhs)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
37.7	**Expenses recognized in the statement of other comprehensive income (OCI)**		
	Actuarial (gains) / losses :		
	Change in demographic assumptions	8	(6)
	Change in financial assumptions	(21)	6
	Experience variance	70	12
	Return on plan assets, excluding amount recognised in net interest expense	(1)	(0)
	Total remeasurement cost for the year recognized in OCI	**56**	**12**

(Rs. In Lakhs)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
37.8	**Sensitivity Analysis:**		
	Delta effect of +1% change in rate of discounting	581	332
	Delta effect of -1% change in rate of discounting	(638)	(367)
	Delta effect of +1% change in rate of salary increase	637	366
	Delta effect of -1% change in rate of salary increase	(581)	(333)
	Delta effect of +50% change in rate of Attrition rate	520	280
	Delta effect of -50% change in rate of Attrition rate	(737)	(459)
	Delta effect of +10% change in rate of Mortality rate	608	349
	Delta effect of -10% change in rate of Mortality rate	(608)	349

(Rs. In Lakhs)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
37.9	**Maturity analysis of projected benefit obligation**		
	1 year	80	41
	Sum of years 2 to 5	400	222
	Sum of years 6 to 10	236	137
	Sum of years 11 and above	115	61

Defined contribution plan

The Company contributes towards provident fund for employees which is the defined contribution plan for qualifying employees. Under this Scheme, the Company is required to contribute specified percentage of the payroll cost to fund the benefits. The Company has recognized Rs. 908 lakhs and Rs. 636 lakhs towards provident fund contributions in the Statement of Profit and Loss for the year ended 31 March 2022 and 31 March 2021, respectively.

38 Leases

Company as lessee

The Company's leased assets primarily consist of leases for head office & branch premises. The Company's long term leases are for a period of 3 to 5 years. The Company has applied short term exemption for leases for branch premises accordingly are excluded from Ind AS 116.

(i) Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

(Rs. In Lakhs)

Particulars	Total
As at 31 March 2020	**226**
Additions	-
Depreciation expenses for the year	113
As at 31 March 2021	**113**
Additions	288
Depreciation expenses for the year	119
As at 31 March 2022	**282**

(ii) Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

(Rs. In Lakhs)

Particulars	Total
As at 31 March 2020	**236**
Additions	-
Accretion of interest	20
Payment	131
As at 31 March 2021	**124**
Additions	277
Accretion of interest	9
Payment	138
As at 31 March 2022	**272**

The maturity analysis of lease liabilities are disclosed in Note 44.
The effective interest rate for lease liabilities is 10.40%, with maturity between 2019-2024

(iii) The following are the amounts recognized in profit or loss: **(Rs. In Lakhs)**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation expense of right-of-use assets	119	113
Interest expense on lease liabilities	9	20
Expense relating to short-term leases (included in other expenses)	866	619
Expense relating to leases of low-value assets (included in other expenses)	-	-
Variable lease payments (if any, included in other expenses)	-	-

The Company had total cash outflows for leases of Rs.1004 lakhs in FY 2021-22 (750 lakhs in FY 2020-21).

39 Segment information

39.1 Business segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM regularly monitors and reviews the operating result of the whole Company as one segment of "Financing". Thus, as defined in Ind AS 108 "Operating Segments", the Company's entire business falls under this one operational segment.

39.2 Entity wide disclosures

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue in year ended 31 March 2022 and 31 March 2021

The Company operates in single geography i.e. India and therefore, geographical information is not required to be disclosed separately.

40 Following disclosures as required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 has been made to the extent information available with the Company :

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprise Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	-	-
(v) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-

41 Share based payments

A Employee stock option plan (ESOP)

The company has provided various equity settled share based payment schemes to its employees. On 10 October 2017, the members of the company vide special resolution approved the Employee Stock Option Plan ('ESOP') scheme namely ESOP 2017. The details are ESOP scheme as at 31 March 2022 are as follows. :-

Particulars	Grant	Phase	Number of Options granted	Vesting Period (In years)	Vesting Conditions
ESOP Scheme 2017	Grant-I	Phase-I	142,950	1 year from grant date	Continuous service
	Grant-I	Phase-II		2 year from grant date	Continuous service
	Grant-I	Phase-III		3 year from grant date	Continuous service
	Grant-II	Phase-I	324,481	1 year from grant date	Continuous service
	Grant-II	Phase-II		2 year from grant date	Continuous service
	Grant-II	Phase-III		3 year from grant date	Continuous service
	Grant-III	Phase-I	473,753	1 year from grant date	Continuous service
	Grant-III	Phase-II		2 year from grant date	Continuous service
	Grant-III	Phase-III		3 year from grant date	Continuous service
	Grant-IV	Phase-I	764,509	1 year from grant date	Continuous service
	Grant-IV	Phase-II		2 year from grant date	Continuous service
	Grant-IV	Phase-III		3 year from grant date	Continuous service

Exercise period for all the above schemes is occurrence of liquidity event which is as follows :-

a.Listing of equity shares on the recognized stock exchange.
b. Strategic Sale event conferring a right of drag along to the Current Shareholders.
c. Offer of purchase of shares from Option Grantees having Vested Options made by an investor.
d. Cash Settlement or Buy-back event whereby the Company makes an offer for settlement of the Vested Options with the Option Grantee or purchase Shares underlying Vested Options.
e. Any other event, which Board may designate as a liquidity event

The expense recognised for employee services received during the year is Rs.35 Lakhs.

(i) **The following table lists the input to the Black Scholes models used for the options granted during the year ended 31 March 2022**

Particulars	Grant-I	Grant-II	Grant-III	Grant-IV
Date of Grant	11/20/2017	7/1/2018	7/15/2019	7/15/2020
Date of Board Meeting, where ESOP/ESOS were approved	9/8/2017	9/8/2017	9/8/2017	9/8/2017
Date of shareholders' approval	10/10/2017	10/10/2017	10/10/2017	10/10/2017
Method of settlement	Equity	Equity	Equity	Equity
Graded vesting period				
Exercise period	Occurrence of Liquidity event	Occurrence of Liquidity event	Occurrence of Liquidity event	Occurrence of Liquidity event
Vesting conditions	Continuous service	Continuous service	Continuous service	Continuous service
Weighted average of remaining contractual Life in Years	Dependent upon happening of liquidity event* (assumed to be 5 years for calculation purpose)			

(ii) **The details of activity under ESOP Scheme 2017 Plan with an exercise price for the year ended 31 March 2022 have been summarised as below:**

Particulars	Grant-I	Grant-II	Grant-III	Grant-IV
Exercise Price per Share (Rs.)	16	16	20.00	20.00
Number of options Outstanding at the beginning of the year	144,625	324,481	473,753	771,017
Number of options Granted during the year	-	-	-	-
Number of Options Exercised during the year	-	-	-	-
Number of Options Lapsed during the year	1,675	-	-	6,508
Number of Options outstanding at the end of the year	142,950	324,481	473,753	764,509

(iii) **Details of Stock Options granted during the year**

The Weighted average exercise price of options granted on 20 November 2017, 1 June 2018, 15 July 2019 and 15 July 2020 is INR 15.91, INR 15.72, INR 20 and INR 20 respectively. The Black -Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Grant-I	Grant-II	Grant-III	Grant-IV
Share price on the date of Grant (Rs.)	15.91	15.72	19.70	19.80
Exercise Price (Rs.)	15.91	15.72	20.00	20.00
Expected Volatility(%)	0.01%	50%	50%	50%
Life of the options granted in year	For grants vesting in year 1: 3.5 years For grants vesting in year 2: 4.51 years For grants vesting in year 3: 5.51 years	5 year	5 year	5 year
Risk Free Interest Rate(%)	For grants vesting in year 1: 6.62% For grants vesting in year 2: 6.77% For grants vesting in year 3: 6.90%	7.99%p.a.	6.51% p.a	4.94% p.a
Expected dividend rate(%)	0%	0%	0%	0%
Fair Value of the option (Rs.)	4.06	8.47	10.11	9.75

B Other Stock based compensation arrangement

The Company has also granted phantom stock options to certain employees which is subject to certain vesting conditions. Details of the outstanding options/ units as at 31 March 2022 are given below: :-

Particulars	Phantom stock options plan		
	Grant made on 15 September 2018	Grant made on 15 July 2019	Grant made on 15 July 2020
Total no. of units/ shares	48,374	26,247	29,138
Vested units/ shares	-	-	-
Lapsed units/ shares	-	-	-
Forfeited units/ shares	-	-	-
Cancelled units/ shares	-	-	-
Outstanding units/shares as at the end of the year	48,374	26,247	29,138
Contractual life	Dependent upon happening of liquidity event (assumed 5 years)	Dependent upon happening of liquidity event (assumed 5 years)	Dependent upon happening of liquidity event (assumed 5 years)
Date of grant	9/15/2018	7/15/2019	7/15/2020
Price per share/ unit (Rs.)	15.91	20.00	20.00

The fair value of the Phantom Stocks granted have been estimated using Black Scholes model of pricing options. The details of various assumptions / inputs used for the Black Scholes model are given below :

Particulars	As at 31 March 2022	As at 31 March 2021
Weighted average grant date share price (Rs.)	19.59	20.82
Weighted average exercise price	INR 15.91 for grants made on 15 September 2018 & INR 20.0 for grants made on 15 July 2019 and 15 July 2020	INR 15.91 for grants made on 15 September 2018 & INR 20.0 for grants made on 15 July 2019 and 15 July 2020
Dividend yield %	0%	0%
Expected life	5.00 years from valuation date	5.00 years from valuation date
Risk free interest rate	6.19%	5.79%
Volatility	50%	50%

Svatantra Microfin Private Limited
Notes to the financial statements for the year ended 31 March 2022

42 Maturity analysis of assets and liabilities

(Rs. In Lakhs)

Assets	**As at 31 March 2022**			**As at 31 March 2021**		
	Within 1 year	**After 1 year**	**Total**	**Within 1 year**	**After 1 year**	**Total**
Financial assets						
Cash and cash equivalents	68,687	-	68,687	63,463	-	63,463
Bank balances other than cash and cash equivalents	10,546	13,453	23,999	1,273	2,260	3,533
Trade receivables	292	-	292	235		235
Other receivables	497	-	497	374	-	374
Loans	270,860	200,573	471,433	176,251	118,501	294,752
Other financial assets	3,378	2,222	5,600	6,142	1,499	7,642
Non financial assets						
Current tax assets (net)	398	-	398	-	-	-
Deferred tax assets (net)	-	5,361	5,361	-	2,833	2,833
Property, plant and equipment	-	1,090	1,090	-	918	918
Right of Use assets	-	282	282	-	182	182
Other intangible assets	-	116	116	-	113	113
Other non-financial assets	1,222		1,222	718	-	718
Total assets	**355,880**	**223,096**	**578,977**	**248,456**	**126,306**	**374,762**
Liabilities						
Financial liabilities						
Trade payables						
- Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	452	-	452	556	-	556
Other payables			-		-	
- Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	370	-	370	1,054	-	1,054
Debt securities	8,295	13,149	21,444	15,635	15,310	30,945
Borrowings	220,329	195,849	416,178	153,985	106,846	260,831
Subordinated liabilities	-	42,812	42,812		14,720	14,720
Other financial liabilities	9,506		9,506	8,318	-	8,318
Non financial liabilities						
Provisions	279	595	874	726	10	736
Other non financial liabilities	423	-	423	368	-	368
Current tax liabilities (net)	-	-	-	36	-	36
Total liabilities	**239,654**	**252,404**	**492,059**	**180,679**	**136,885**	**317,564**

43 Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities as of 31 March 2022

(Rs. In Lakhs)

Particulars	Deposits	Advances	Investments	Stock of securities	Borrowings	Foreign Currency assets	Foreign Currency liabilities
1 day to 7 days	-	15,036	-	-	3,477	-	-
8 day to 14 days	-	5,240	-	-	3,841	-	-
15 day to 30/31 days	-	84	-	-	8,682	-	-
Over one month to 2 months	-	22,493	-	-	16,553	-	-
Over 2 months up to 3 months	-	22,072	-	-	21,228	-	-
Over 3 months to 6 months	-	67,300	-	-	59,947	-	-
Over 6 months to 1 year	-	138,634	-	-	114,898	-	-
Over 1 year to 3 years	-	200,568	-	-	215,777	-	-
Over 3 years to 5 years	-	5	-	-	10,379	-	-
Over 5 years	-	-	-	-	25,653	-	-
Total	**-**	**471,433**	**-**	**-**	**480,434**	**-**	**-**

44 Comparison between IRACP and impairment allowance made under IND AS 109

Loan Classification as of 31 March 2022

(Rs. In Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
	Stage 1	470,793	10,181	460,612	1,771	8,410
	Stage 2	8,188	4,486	3,702	-	4,486
Subtotal		**478,981**	**14,667**	**464,314**	**1,771**	**12,896**
Non performing assets						
More than 90 days	Stage 3	16,776	9,657	7,119	8,590	1,067
Subtotal of doubtful		**16,776**	**9,657**	**7,119**	**8,590**	**1,067**
Total	Stage 1	470,793	10,181	460,612	1,771	8,410
	Stage 2	8,188	4,486	3,702	-	4,486
	Stage 3	16,776	9,657	7,119	8,590	1,067
	Total	**495,757**	**24,325**	**471,433**	**10,361**	**13,963**

Loan Classification as of 31 March 2021

(Rs. In Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
	Stage 1	301,108	5,945	295,163	772	5,172
	Stage 2	7,648	3,995	3,653	68	3,927
Subtotal		**308,756**	**9,940**	**298,816**	**840**	**9,099**
Non performing assets						
More than 90 days	Stage 3	6,712	3,308	3,405	2,798	510
Subtotal of doubtful		**6,712**	**3,308**	**3,405**	**2,798**	**510**
Total	Stage 1	301,108	5,945	295,163	772	5,172
	Stage 2	7,648	3,995	3,653	68	3,927
	Stage 3	6,712	3,308	3,405	2,798	510
	Total*	**315,468**	**13,248**	**302,221**	**3,638**	**9,609**

* Includes retained portion on asset assigned

45 Corporate social responsibility (CSR) expenditure

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The areas for CSR activities are promoting education, including special education and employment enhancing vocation skills, eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil air and water. The unspent CSR amount to be utilised in next three financial years for the ongoing projects have been identified during the financial year 2021-22.

a) **Amount required to be spent by the Company during the year:**

(Rs. In Lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Amount required to be spent as per section 135(5)	73	39
Amount of expenditure incurred	37	4
Unspent at the end of the year transferred to Unspent CSR Account (on account of ongoing projects identified)	36	36

b) **Movement of Unspent CSR Balance on account of ongoing projects:**

(Rs. In Lakhs)

Particulars		Amount
Unspent CSR for the financial year 2020-2021	(A)	36
Amount spent for previous year's ongoing projects in financial year 2021-2022	(B)	15
Balance of unspent CSR for the financial year 2020-2021	(C = A - B)	21
Current Year Unspent CSR	(D)	36
Balance of Unspent CSR as of 31 March 2022	(E = C + D)	57

C) **Details of the CSR activities**

(Rs. In Lakhs)

Name of the Entity	Nature of Activity	Amount	Status of Project
Doctor For You	Arranging health camps in flood affected areas in the state of Bihar.	3	Spent
Akshay Patra	Eradicating hunger, poverty & malnutrition and also promote education among children, women and elderly.	15	Spent
Meer Foundation	To protect and empower women, foster humility and gallantry among men , and fuel the bravery and optimism that exists within each one of us.	15	Spent
Hope Foundation	To provide sustainable pathways out of poverty and advocate for the rights and equality for vulnerable children and communities in west Bengal, India.	4	Spent
Covid-19 Relief Expenses	Covid-19 expenses for employees e.g. purchase of Sanitizers, masks, oximeter etc.	1	Spent
CIIE Initiate RBI	Contribution towards women empowerment to CIIE to support Swanari Program.	15	On Going
Aditya Birla Education Trust	Promote socio economic development of every child, Integrated school for children with special needs, Prioritizing menstrual health and hygiene management as key focus area.	21	On Going
Total		**73**	

d) **Details of CSR activities with Related party**

(Rs. In Lakhs)

Name of the Entity	Amount
Aditya Birla Education Trust	21

46 Details of Benami Property held

There are NIL proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

47 Wilful Defaulter:

The Company is not declared as wilful defaulter by any bank or financial institution or other lender during the financial year 2021-22.

48 Relationship with struck off companies **(Rs. In Lakhs)**

Name of Struck off Company	Nature of transactions	Balance outstanding as at 31 March 2022	Relationship with the Struck off company
Nil	Nil	Nil	Nil

49 Registration of charges or satisfaction with Registrar of Companies (ROC)

All charges or satisfaction are registered with ROC within statutory period by the Company

50 Compliance with number of layers of companies

The company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017

51 Compliance with approved Scheme(s) of Arrangements

During the Financial year 2021-2022 the company does not have any Scheme of Arrangements in terms of sections 230 to 237 of the Companies Act, 2013

52 Utilisation of Borrowed funds and share premium:

During the Financial year 2021-2022 the Company has not advanced or loaned or invested fund to/with any other person (s) or entities with the understanding that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

53 Undisclosed income

The Company did not have any undisclosed income during in tax assessments during the financial year 2021-2022 under the Income Tax Act, 1961

54 Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year 2021-2022

The following table sets out the disclosure as required by the notification no.DNBR. PD. 008/03.10.119/2016-17 dated 1 September 2016 issued by RBI, as amended.

55 Capital to risk assets ratio ('CRAR')

The following table sets forth, for the periods indicated, the details of capital to risk assets ratio under RBI Guidelines:

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
i) CRAR (%)	25.65%	21.88%
ii) CRAR – Tier I Capital (%)	16.96%	17.43%
iii) CRAR – Tier II Capital (%)	8.69%	4.45%
iv) Amount of subordinated debt as Tier - II debt	35,119	10,017
v) Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

56 Liquidity Coverage Ratio (LCR) for the quarter ended 31 March 2022

(Rs. In Lakhs)

Particulars	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets		
**Total High Quality Liquid Assets (HQLA)	47,287	47,287
Cash Outflows		
Deposits (for deposit taking companies)	-	-
Unsecured funding	675	776
Secured funding	25,471	29,292
Additional requirements, of which	-	-
Outflows related to derivative exposures and other collateral requirements	-	-
Outflows related to loss of funding on debt products	-	-
Credit and liquidity facilities	-	-
Other contractual funding obligations	4,942	5,683
Other contingent funding obligations	-	-
Total Cash Outflows	**31,088**	**35,751**
Cash Inflows	-	-
Secured lending	-	-
Inflows from fully performing exposures	26,918	20,189
Other cash inflows	841	631
Total Cash Inflows	**27,759**	**20,820**
Total HQLA	-	47,287
Total Net Cash Outflows	-	14,931
Liquidity Coverage Ratio (%)		316.70%

**HQLA comprises of Cash and Fixed Deposit.

Disclosure of Liquidity risk management applicable to the Company from financial year 2021-2022 as per Reserve Bank of India circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20, Dt 04 November 2019.

57 Investments

There are no investments as of current and previous financial year end.

58 Derivatives

The Company did not have any transactions in Derivatives during current and previous financial year.

59 Disclosures relating to Direct Assignment and Securitization

59.1 Details of loan transferred/ acquired during the year ended 31 March 2022 under the RBI master Direction on transfer of loan exposure vide circular no. RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22, Dt. 24 September 2021 are given below:

i Detail of transfer through Direct assignment in respect of loans not in default during the financial year 2021-2022.

Particular	Rs. In Lakhs
Number of Loans	172,421
Aggregate Amount	57,695
Sale Consideration	51,925
Number of transactions	4
Weighted Average remaining maturity (Month)	14.75
Weighted Average holding period after origination (Month)	12.83
Retention of beneficial economic interest	10%
Coverage of tangible security coverage	-
Rating wise distribution of rated loans	-
Number of instances (transactions) where transferred as agreed to replace the transferred loans	-
Number of transferred loans replaced	-

ii The Company has not transferred any non performing assets (NPAs).
iii The Company has not acquired any loans through Direct assignment.
iv The Company has not acquired any stressed loan.

59.2 Disclosures relating to Assignment transaction

During the year, the Company has entered into Direct Assignment ("DA") with banks ("Assignee") for direct assignment of its portfolio loans provided to various persons from time to time ("Receivables"). This has been duly approved by Board of Directors. Pursuant to this, following transactions have taken place during the year :

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Total Sanctioned Receivables	57,695	33,711
No of accounts (Nos.)	172,421	95,281
Receivables assigned during the year	57,695	33,711
Minimum retention reserve for the Company	5,769	3,371
Payment made by Assignee for their purchased share	51,925	30,340
Income from DA	11,396	8,606
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain / loss over net book value	-	-

Further , pursuant to this transaction following closing balances are outstanding in the books of SMPL:

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Payables toward DA transaction	5,949	5,020
Minimum retention reserve	5,787	5,228

59.3 Disclosures relating to Securitization transaction

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Total Sanctioned Receivables	-	-
No of accounts (Nos.)	-	-
Receivables assigned during the year	-	-
Securitization reserve for the Company	-	-
Payment made by Assignee for their purchased share	-	-
Income from Securitization	-	1,121
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain / loss over net book value	-	-

Further , pursuant to this transaction following closing balances are outstanding in the books of SMPL:

(Rs. In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Payables/(Receivable) toward Securitization transaction	-	(172)
Over Securitization	-	1,811

60 Details of non-performing financial assets purchased / sold

The Company has not purchased / sold non-performing financial assets in the current and previous financial year.

61 Disclosure on Liquidity Risk

Background:

RBI has issued final guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies on November 04, 2019. As per the said guidelines, NBFC are required to publicly disclose the below information related to liquidity risk on a quarterly basis. Accordingly, the disclosure on liquidity risk as at 31 March 2022 is as under:

i) Funding Concentration based on significant counterparty

Number of Significant Counterparties	Rs. In lakhs	% of Total Deposits	% of Total Liabilities
26	409,996	Nil	83.32%

Notes:

A Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the Non-Banking Financial Company Non-Deposit taking Systemically Important (NBFC-NDSI), Non-Banking Financial Company Deposit taking (NBFC-Ds) total liabilities and 10% for other non-deposit taking NBFCs.

Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus basis extant regulatory ALM guidelines.

ii) Top 20 large deposits (amount in Crore and % of total deposits) - Not Applicable

iii) Top 10 borrowings

Rs. In lakhs	% of Total Borrowings
260,838	54.29%

Note:
Total Borrowing has been computed as Gross Total Debt basis extant regulatory ALM guidelines

iv) Funding Concentration based on significant instrument / Product

Name of the Instrument/Product	Rs. In lakhs	% of Total Liabilities
Term Loan	344,883	70.09%
Non Convertible Debentures (NCD)	56,300	11.44%
External Commercial Borrowing (ECB)	8,814	1.79%

Note:
A "Significant instrument/product" is defined as a single instrument accounting in aggregate for more than 1% of the NBFC-NDSI's total liabilities.

v) Stock Ratios:

Stock Ratio	%
i) Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	-
ii) Non-convertible debentures (original maturity of less than one year) as a % of total assets	-
iii) Other short-term liabilities as a % of total liabilities	48.70%
iv) Other short-term liabilities as a % of total assets	41.36%

Note:
Other Short-term Liabilities has been computed as Total Short-term Liabilities less Commercial paper less Non-convertible debentures (Original maturity of less than one year), basis extant regulatory ALM guidelines.

vi) Institutional set-up for Liquidity Risk Management
The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business.

The Board of Directors approves the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk faced by the Company. The RMC meets as and when required to review and monitor the risks associated with the business of the Company.

The Board of Directors has also constituted Asset Liability Committee (ALCO), which address concerns regarding Asset Liability mismatches of the Company from risk-return perspective and within the risk appetite and guard-rails approved by the Board.

The main objective of ALCO is to address concerns regarding asset liability mismatches, achieving optimal return on capital employed while maintaining acceptable levels of risk relating to liquidity, address concerns regarding interest rate risk exposure and to do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws. ALCO meetings are held at regular intervals and the minutes of the meeting is placed before the Board of Directors for its perusal/ratification.

62 Asset Liability Management
Maturity pattern of certain items of Assets and Liabilities
Refer note : 43

63 Exposures

63.1 Exposures to Real Estate Sector
The Company has no exposure to the real estate directly or indirectly in the current and previous financial year.

63.2 Exposures to Capital Market
The Company has no exposure to the capital market directly or indirectly in the current and previous financial year.

64 Details of financing of parent company products
The disclosure is not applicable as the Company does not have any holding/parent Company.

65 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC
Single Borrower Limit (SGL) / Group Borrower Limit (GBL) has not exceeded the prudential exposure limits during the current and previous financial year by the Company.

66 Unsecured Advances
Refer "Note 5" of Financial statements.

67 Miscellaneous

67.01 Registration obtained from other financial sector regulators

The Company is registered with the following other financial sector regulators:
(i) Ministry of Corporate Affairs

67.02 Disclosure of penalties imposed by RBI and other regulators

No penalty imposed by RBI and other regulators during the current and previous financial year.

67.03 Related Party Transactions

(i) All material transactions with related parties are disclosed in "Note 32.10" of the Financial Statements.

(ii) The Company has the policy on dealing with Related Party Transactions which is available on its website www.svatantramicrofin.com.

67.04 Ratings assigned during the year

During the current year, the credit rating agencies have assigned the following credit ratings to the Company:

Particulars	Current Rating	Previous rating
a) MFI Grading	M1(SMERA)	NIL
b) Bank loan rating	CRISIL A+(stable)	CRISIL A+(stable)
c) Subordinated Debt of INR 155 Crores	CRISIL A+(stable)	CRISIL A+(stable)
d) Subordinated Debt of INR 125 Crores	CRISIL A+(stable)	NIL
e) NCD of INR 90 Crores	CRISIL A+(stable)	NIL
f) NCD of INR 350 Crores	CRISIL A+(stable)	CRISIL A+(stable)
g) NCD of INR 70 Crores	CRISIL A+(stable)	NIL
h) Short Term Debt of INR. 100 Crore	CRISIL A1+	CRISIL A1+
I) Subordinated Debt of INR 75 Crores	CRISIL A+(stable)	NIL
j) Subordinated Debt of INR 75 Crores	ICRA A-(stable)	ICRA A-(stable)
k) Subordinated Debt of INR 75 Crores	CARE A; (Stable)	CARE A; (Stable)
l) NCD of INR 50 Crores	CARE A; (Stable)	CARE A; (Stable)
m)NCD/Bank Loan/Subordinated Debt of INR 140 Crores	IND A+(Stable)	NIL
n) Subordinated Debt of INR 60 Crores	IND A+(Stable)	NIL

67.05 Remuneration of Directors

During the year, the Company has not paid any remuneration to it's directors.

67.06 Net Profit or Loss for the year, prior period items and changes in accounting policies

The financial statements for the year ended March 31, 2022 have been prepared in accordance with Ind AS and other applicable guidelines issued by the Reserve Bank of India (‘RBI’), wherever applicable. There is no change in accounting policies during the financial year 2021-2022.

67.07 Revenue Recognition

There are no such circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

67.08 Ind AS 110 -Consolidated Financial Statements (CFS)

The Company does not have any subsidiary company and hence, the CFS is not applicable.

68.00 Additional Disclosures

68.01 Provisions and Contingencies

(Rs. In Lakhs)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	For the year ended 31 March 2022	For the year ended 31 March 2021
i) Provisions for depreciation on investment	-	-
ii) Provision towards standard asset	4,875	5,506
iii) Provision for non-performing assets	6,547	2,258
iv) Provision made towards Income tax (Including deferred tax and earlier period tax adjustments)	1,582	976
v) Other provision and contingencies (employee benefits)	559	366
vi) Provision on other assets	28	35

68.02 Draw Down from Reserves

There have been no drawdown from Reserves during the current and previous financial years

68.03 Concentration of Deposits, Advances, Exposures and NPAs

(Rs. In Lakhs)

68.04 Concentration of Deposits (for deposit taking NBFCs)	As at 31 March 2022	As at 31 March 2021
Total Deposits of twenty largest depositors	NA	NA
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	NA	NA

(Rs. In Lakhs)

68.05 Concentration of Advances	As at 31 March 2022	As at 31 March 2021
Total Advances to twenty largest borrowers	31	23
Percentage of advances to twenty largest borrowers to Total advances of applicable NBFC	0.01%	0.01%

(Rs. In Lakhs)

68.06 Concentration of Exposures	As at 31 March 2022	As at 31 March 2021
Total Exposure to twenty largest borrowers / customers (Including interest accrued and due)	31	23
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	0.01%	0.01%

(Rs. In Lakhs)

68.07 Concentration of NPAs	As at 31 March 2022	As at 31 March 2021
Total Exposure to top four NPA accounts	3	3

68.08 Sector-wise NPAs

Sector	% of NPAs to Total Advances	
	As at 31 March 2022	As at 31 March 2021
Agriculture & allied activities	3.17%	1.55%
MSME	3.92%	2.87%
Corporate borrowers	NA	NA
Services	3.02%	1.39%
Unsecured personal loans	2.72%	2.94%
Auto Loans	NA	NA
Other personal Loans	NA	NA

68.09 Movement of NPAs

(Rs. In Lakhs)

Particulars	As At 31 March 2022	As At 31 March 2021
(i) Net NPAs to Net Advances (%)	1.51%	1.02%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	6,129	2,581
(b) Additions during the year	14,203	3,771
(c) Reduction/write off during the year	(3,556)	(223)
(d) Closing balance	16,776	6,129
(iii) Movement of NPAs (Net)		
(a) Opening balance	3,002	1,406
(b) Additions during the year	4,117	1,802
(c) Reduction/write off during the year	-	(207)
(d) Closing balance	7,119	3,002
(iv) Movement of provisions for NPAs (excluding provision on standard assets)		
(a) Opening balance	3,127	1,174
(b) Additions during the year	11,057	1,969
(c) Reduction/write off during the year	(4,527)	(16)
(d) Closing balance	9,657	3,127

68.10 Overseas Assets

During the year, there are no overseas assets in the Company.

68.11 Off-Balance Sheet SPVs sponsored

During the year, there are no off-balance sheet SPVs sponsored by the Company.

68.12 Customer Complaints

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	29	30
No. of complaints redressed during the year	29	30
No. of complaints pending at the end of the year	-	-

69 The net interest margin (NIM)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Average Interest (a)	18.87%	19.86%
Average effective cost of borrowing (b)	10.71%	11.14%
Net Interest Margin (a-b)	8.16%	8.72%

70 Disclosure of frauds reported during the year ended 31 March 2022

(Rs. In Lakhs)

Particulars	No. of cases	Amount of fraud	Recovery	Pending Settlement	Amount written-of
A) Person Involved					
Staff	308	39	26	13	Nil
Customers	-	-	-	-	-
Staff and Customers	-	-	-	-	-
Outsider	-	-	-	-	-
B) Type of Fraud					
Misappropriation and Criminal Breach of Trust	308	39	26	13	Nil
Fraudulent Encashment/ Manipulation of books of accounts	-	-	-	-	-
Unauthorized Credit/ Facility extended	-	-	-	-	-
Negligence and cash shortages	-	-	-	-	-
Cheating and Forgery	-	-	-	-	-
Others	-	-	-	-	-

71 Restructure Loan Portfolio

71.1 Disclosure as required by Reserve Bank of India Resolution Framework - 2.0 Circular - DOR.STR.REC.11/21.04.048/2021-22 dated 05 May, 2021, pertaining to Resolution of Covid-19 related stress of Individuals and Small Businesses

Format - X **(Rs. In Lakhs)**

Description	Individual		Small business
	Personal loan	Business loan	
A. Number of requests received for invoking resolution process under Part A	NA	56,289	NA
B. Number of accounts where resolution plan has been implemented under this window	NA	56,289	NA
C. Exposure to accounts mentioned at (B) before implementation of the plan	NA	16,844	NA
D. Of (C), aggregate amount of debt that was converted into other securities	NA	-	NA
E. Additional funding sanctioned, if any, including between invocation of the plan and implementation	NA	-	NA
F. Increase in provisions on account of the implementation of the resolution plan	NA	1,755	NA

Svatantra Microfin Private Limited
Notes to the financial statements for the year ended 31 March 2022

71.2 Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 pertaining to Resolution Framework for COVID-19-related Stress.

Format - B **(Rs. In Lakhs)**

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
	(A)	(B)	(C)	(D)	(E)
Personal loan	-	-	-	-	-
Corporate loan	-	-	-	-	-
Of which,MSMEs	-	-	-	-	-
Other	1,681	959	-	193	528
Total	**1,681**	**959**	**-**	**193**	**528**

72 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

73 In the opinion of the management, the current assets, non-current assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet. The provision for all known liabilities is adequate and not in excess of the amount reasonably stated.

74 Balances of certain receivables, payables, short term loans and advances and long term loans and advances are subject to confirmation and reconciliation if any. The management does not expect any material difference affecting the financial statements on such reconciliation / confirmation.

75 The Company is registered with the Reserve Bank of India (RBI) as a "Non Banking Financial Company- Micro Finance Institution" vide Certificate of Registration dated February 05, 2013.

76 "In terms of Para II of the Non Banking Financial Company Micro Finance Institutions (Reserve Bank) Directions, 2011 as notified vide notification no. DNBR.(PD) CC.No. 047/03.10.119/2015-16 dated July 1, 2015, (as amended up to April 20, 2016) a Micro Finance Institution (MFI) is required to have not less than 85% of its 'Net Assets' in the nature of 'Qualifying Assets'. As at March 31, 2021, the Company is in compliance with this condition as its 'Qualifying Assets' is not less than 85% of its 'Net Assets'.

Sd/-

77 During the current financial year, the Company has maintained an aggregate margin cap of not more than 10% on loans disbursed by it.

78 The disclosure required in terms of paragraph 19 of Master Direction- Non-Banking Financial Company (Reserve Bank) Direction, 2016 is given in "Annexure I".

79 Additional Regulatory Information pursuant to Division III of Schedule III of Companies Act, 2013 has been disclosed to the extent applicable to the Company, as amended from time to time

80 Events after the reporting date
There have been no other events after the reporting date that require disclosure in these financial statements.

Signature to Note 1 to 80

As per our report of even date attached
BGJC & Associates LLP
Chartered Accountants
Firm's Reg. No.: 003304N / N500056

For and on behalf of the Board of Directors of
Svatantra Microfin Private Limited

Sd/-
Pranav Jain
Partner
Membership No. 098308
Place : Mumbai
Date : 26 May 2022

Sd/-
Ananyashree Birla
Director
DIN No. 06625036
Place : Mumbai
Date : 26 May 2022

Sd/-
Vineet Bijendra Chattree
Director
DIN No. 07962531
Place : Mumbai
Date : 26 May 2022

Sd/-
Anujeet Varadkar
Chief Executive Officer
Place : Mumbai
Date : 26 May 2022

Sd/-
Vrushali Mahajan
Chief Financial Officer
Place : Mumbai
Date : 26 May 2022

Sd/-
Surinder Kumar Bhatia
Company Secretary
Membership No. 17227
Place : Mumbai
Date : 26 May 2022

"Annexure I"

Svatantra Microfin Private Limited

Schedule to the Balance Sheet of a non deposit taking non banking financial company as on 31 March 2022

Disclosure in terms of Paragraph 19 of Systematically Important Non Banking Financial (Non-Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2016

	Particulars		(Amount Rupees in Lakhs)	
	Liabilities side			
(1)	**Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid**		**Amount outstanding**	**Amount Overdue**
	(a)	Debentures		
		Secured	19,059	Nil
		Unsecured (Other than falling within the meaning of public deposits*)	2,386	Nil
	(b)	Deferred credits	Nil	Nil
	(c)	Term loans	416,178	Nil
	(d)	Inter - corporate loans and borrowings	Nil	Nil
	(e)	Commercial Paper	Nil	Nil
	(f)	Public Deposits*	Nil	Nil
	(g)	Other Loans: Subordinated liabilities	42,812	Nil
	*Refer note no. 1 below			
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :**			
	(a)	In the form of Unsecured debentures	Nil	Nil
	(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	Nil	Nil
	(c)	Other public deposits	Nil	Nil
	* Please see Note 1 below			

	Asset side		Amount outstanding (Rupees in Lakhs)
3	**Break up of loans and advances including bills receivables other than those included in (4) below**		
		(a) Secured	-
		(b) Unsecured	471,433
4	**Break up of leased assets and stock on hire and hypothecation loans counting towards AFC activities**		
	(i)	Lease assets including lease rentals under sundry debtors :	
		(a) Financial lease	NA
		(b) Operating lease	NA
	(ii)	Stock on the hire including hire charges under sundry debtors :	
		(a) Assets on hire	NA
		(b) Repossessed assets	NA
	(iii)	Other loans counting towards AFC activities	
		(a) Loans where assets have been repossessed	NA
		(b) Loans other than (a) above	NA

5	**Break up of investments**		**Amount outstanding (Rupees in Lakhs)**
		Current investments	
	1	Quoted	
		(i) Shares	
		(a) Equity	Nil
		(b) Preference	Nil
		(ii) Debentures and bonds	Nil
		(iii) Units of mutual funds	Nil
		(iv) Government securities	Nil
		(v) Others (please specify)	Nil
	2	Unquoted	
		(i) Shares	
		(a) Equity	Nil
		(b) Preference	Nil
		(ii) Debentures and bonds	Nil
		(iii) Units of mutual funds	Nil
		(iv) Government securities	Nil
		(v) Others (please specify)	Nil
		Long term investments	
	1	**Quoted**	
		(i) Shares	
		(a) Equity	Nil
		(b) Preference	Nil
		(ii) Debentures and bonds	Nil
		(iii) Units of mutual funds	Nil
		(iv) Government securities	Nil
		(v) Others (please specify)	Nil
	2	**Unquoted**	
		(i) Shares	
		(a) Equity	Nil
		(b) Preference	Nil
		(ii) Debentures and bonds	Nil
		(iii) Units of mutual funds	Nil
		(iv) Government securities	Nil
		(v) Others (please specify)	Nil

6	**Borrowers group wise classification of financed as in (3) and (4) above:**				
	Category		**Amount Net of Provisions (Rupees in Lakhs)**		
	1	**Related parties**	**Secured**	**Unsecured**	**Total**
	(a)	Subsidiaries	Nil	Nil	Nil
	(b)	Companies in the same group	Nil	Nil	Nil
	(c)	Other related parties	Nil	Nil	Nil
	2	**Other than related parties**	Nil	471,433	471,433
		Total	**Nil**	**471,433**	**471,433**

7	Investor Group Wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):			
	Catego		Amount outstanding (Rupees in Lakhs)	
			Market value/ break up of fair value or NAV	Book value (net of provision)
	1	**Related parties**		
	(a)	Subsidiaries	Nil	Nil
	(b)	Companies in the same group	Nil	Nil
	(c)	Other related parties	Nil	Nil
	2	**Other than related parties**	**Nil**	**Nil**
		Total	**Nil**	**Nil**

8			(Rs. In Lakhs)
	Sr. No.	Particulars	As At 31 March 2022
	(i)	Gross non-performing assets	
	(a)	Related parties	-
	(b)	Other than related parties	16,776
	(ii)	Net non-performing assets	
	(a)	Related parties	-
	(b)	Other than related parties	7,119
	(iii)	Assets acquired in satisfaction of debts	-

Notes:

1. As defined in point xix of paragraph 3 of Chapter -2 of these Directions.
2. Provisioning norms shall be applicable as prescribed in these Directions.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.

For and on behalf of the Board of Directors of
Svatantra Microfin Private Limited

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Director
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Place : Mumbai
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